

Student name:	
Student number:	

EXAM EBUSINES INNOVATION Dec 20, 2005, 13.30-16.30

Instructions (please read carefully):

- 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.
- Use this exam to write the answers on questions. Use the available boxes after each question for your answer. Do not write outside the boxes
- Be sure to indicate name and student number on each sheet of paper.
- Concise yet complete answers are better than long-winded answers.
- You may answer in English or in Dutch.
- Grade for this exam is Round (Sum of Points / 10).
- Grade for the eBusiness Innovation course is $0.5 * \text{this exam} + 0.5 * \text{group assignments}$. You will be reported the final grade for the eBusiness Innovation course. We will report the grade for the group assignment to the communicator of each group by email.

Success!

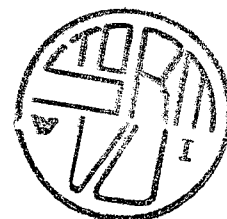
Group assignment

Before starting with the exam, please indicate below whether you did your group assignment this year, a year before, or you still have to do your group assignment.

Yes/No	I did my group assignment this year (2005)
	I did my group assignment in 2004 or 2003 (please indicate the year)
Yes/No	I still have to do my group assignment

Question 1 (20 points)

- a) Which characteristics of an electronic hub are crucial for optimizing procurement for *prognosed* orders of *production goods* in the automotive industry? (for a list of characteristics to choose from see below.) Explain each choice briefly. (10 points)



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b) Which is the most important characteristic of an electronic hub for optimizing procurement of *Maintenance and Repair goods for corrective maintenance* in the automotive industry (in case of corrective maintenance, a production line is broken and needs to be repaired as soon as possible)? (for a list of characteristics to choose from see below.) Explain your choice. (10 points)

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e-Hub characteristics to select from are:

- 1 Public (open for anyone) or
- 2 Private (closed, pre-negotiated contracts)
- 3 Vertical (industry specific) or
- 4 Horizontal (industry independent)
- 5 Auction (price to bid) or
- 6 Marketplace (price set no RFQ)

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- 7 Anonymous participation or
- 8 Known participation
- 9 Integration for automated payment or
- 10 Integration for automated ordering or
- 11 Integration for automated ordering and payment

Question 2 (30 points)

- a) According to David Ticoll, Porter claims in his article (HBR March/June articles & Syllabus Electronic Commerce) that companies should build a vertically integrated firm rather than a partnership. Explain the difference between a partnership and a vertically integrated firm. (10 points)

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- b) David Ticoll argues that transaction costs are important to understand partnerships on the Internet. Explain what is meant by 'transaction costs'. (10 points)

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- c) Explain, using the idea of transaction costs, that, according to David Ticoll, sometimes partnerships are preferred above a vertically integrated firm, as a result of the widespread use of the Internet and its applications. (10 points)

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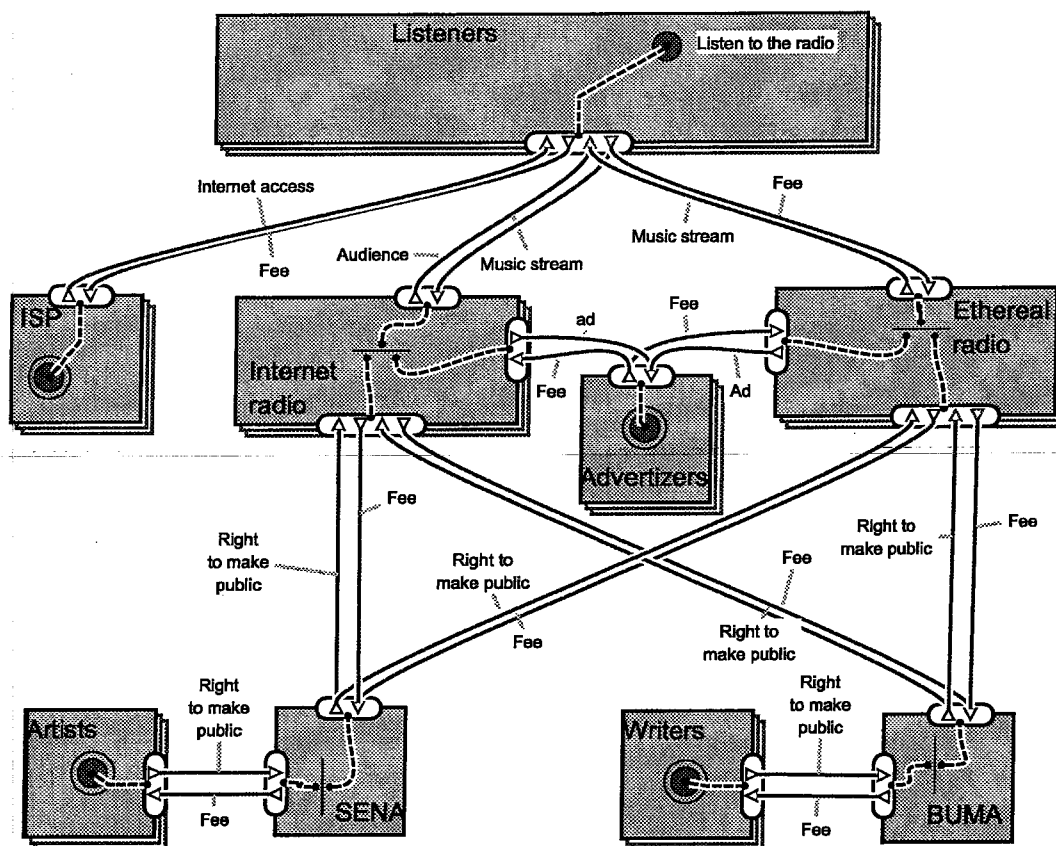
Question 3 (30 points)

Consider the following text and e^3 value diagram.

Text: There are various listeners (literally thousands of them) who want to listen to the radio. Such listeners have two choices: they listen to an ethereal radio (just broadcasting using ether frequencies), or they listen to Internet radio stations (broadcasting via the Internet). Obviously, in both cases the listener can choose from many radio stations. In case of an ethereal station, the listener obtains a music stream (the radio program) and in return gives his audience. This audience is used by the radio station to attract advertisers: a station sells ads to an advertiser, and the advertiser pays a fee in return. The radio station pays two rights societies for using music tracks: the right to make public as it is called (it is not allowed to broadcast music without paying the right owners of the content you broadcast). The station has to pay per listener, and per track. These societies (SENA and BUMA in the Netherlands) pay in turn their respective right owners. Note that a stream a listener listens to consists of more than one track. The SENA pays per track per listener a fee to artists (typically, more than one artist per track), and the BUMA does the same but then for writers of tracks (also more than one writer per track). The Internet radio station works more or less the same as the ethereal radio station; only now the listener needs to have Internet access from an ISP, and the listener pays the ISP a fee for this. Also, the Internet radio station itself needs Internet access for broadcasting purposes, and pays for this.

Diagram:

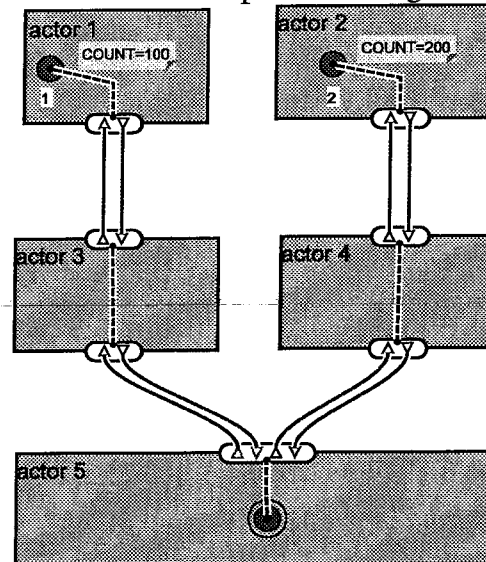
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a) Which mistakes are in the diagram, given the corresponding text? (15 points)

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- b) Consider the following (abstract) e^3 value diagram. Actor 1 has a consumer need/start stimulus that occurs 100 times. Actor 1 has a consumer need/start stimulus that occurs 200 times. Is this diagram a valid diagram and why (not)? Please note: you are not asked to improve the diagram. (15 points)



Question 4 (20 points)

- a) If you want to finance an innovative e-business idea you can approach a venture capitalist for capital or a bank for a loan. Explain differences between venture capital and a loan. (10 points)

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- b) If your innovative e-business idea is financed by a venture capitalist, the pre-money value and the post-money value of your company is important. Explain the difference between pre- and post money value. (5 points)

<p>Pre money value is ...</p> <p>Post money value is ...</p>

- c) State how the post money value can be calculated, given the pre money value. (5 points)

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