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# EXAM EBUSINES INNOVATION Dec 20, 2007, 12.00-14.45

## *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. We will only correct text written* inside *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 on in Dutch.*
- *Grade for this exam is Round (Sumof Points / 10).*
- *Grade for the eBusiness Innovation course is 0.5* this exam + 0.5 * 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.

| | |
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| Yes/No | I did my group assignment this year (2007) |
| | I did my group assignment in 2006/5/4 (please indicate the year) |
| Yes/No | I still have to do my group assignment |

**Question 1 (20 points)**

e-Business models are often classified as 'B2B', 'B2C', 'C2C', etc.; in general also called the '*2*'s.

a) Consider 'Marktplaats' (or if you like: 'eBay'). Classify 'Marktplaats' according to the '*2*'s (so B2B, B2C, C2C, etc.), and motivate your answer. (10 points)

b) Give an example of a G2B case. Motivate why your example is actually a case of G2B? (10 points)

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| **Student name:** | |
| **Student number:** | |

**Question 2 (30 points)**

a) Porter claims in his article (HBR March/June articles & Syllabus Electronic Commerce) that network effects are seldom seen in e-business cases. Explain what a network effect is, and give an example. (10 points)

A network effect is …

An example is …

b) Network effects of a service or product may introduce barriers of entry for competitors. Explain, by using Skype as an example, why such barriers may emerge. (10 points)

| Student name: | |
|---|---|
| Student number: | |

c) Explain, using email as an example, how standards may contribute in reducing such barriers. (10 points)

**Question 3 (30 points)**

Case study "Virtual SIM"[1].

1. Background

Every mobile phone needs a Subscriber Identity Module (SIM) card, to be able to use a phone. Usually, a SIM-card is connected to a single contract with a mobile telecommunication operator (e.g. pre-paid or a monthly subscription). Additionally, a SIM card also contains a contact list with personal phone numbers.

The SIM card has a few drawbacks. First, a user needs to have the SIM card with him to be able to use the corresponding subscription; therefore, usually the card is in a slot in the mobile phone of the user. In case a user is not carrying his SIM card (e.g. if he left his phone at home), he can not use his subscription (e.g. by lending a phone of someone else). Second, a SIM card contains a contact list with personal phone numbers of the user.

[1] Base don the case of group 1, e-Business innovation, year 2006.

| Student name: | |
|---|---|
| Student number: | |

Again, if the user does not carry his SIM card, he has also no access to his contact list. So, in sum, if the user wants to have a telephone conversation, he always must have access to his SIM card, and a mobile phone.

2. Virtual SIM

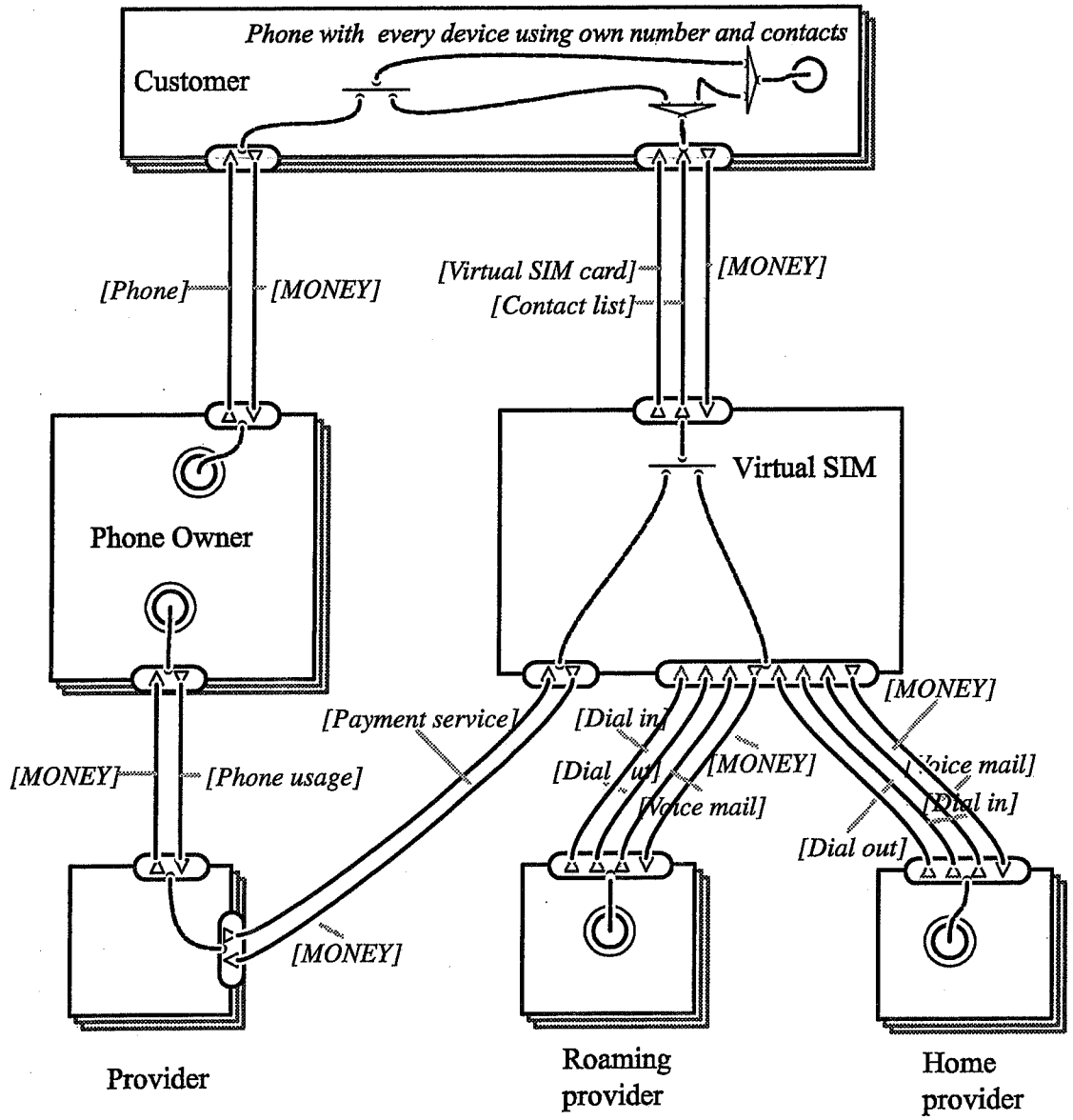
Virtual SIM offers the facility to use an existing mobile or fixed phone subscription (monthly subscription or pre-paid) and contact list on any mobile or fixed phone of someone else. This is called a "virtual SIM". The advantage of a virtual SIM is similar to that of Microsoft's MSN instant messenger. With MSN messenger it is possible to log in on any computer and your personal contact list is fetched from the server. So the MSN instant messenger application appears the same to the user, wherever he or she is.
In short, the service works as follows. Each user has his own home provider e.g. T-Mobile, Vodafone or a regular fixed connection. When the user synchronizes his mobile phone with the server of the home provider, the latter stores the contact list and other information at a server. When the user logs in via someone else's mobile phone, the contact list with telephone numbers is sent to that phone. The person can now call with his own number and he can be reached at his number, until he logs out. The user can also log in via a public phone or a regular fixed phone, but in this case it is only possible to call or be reached at your own number and the contact list is not sent to the phone.

3. *e³value* case study description

Virtual SIM offers a virtual SIM card to its customers: the ability to use your SIM card in every phone, either fixed, or mobile. In order to produce the virtual SIM card, a number of other services are required. First of all, there is the contact list service. This service puts the contact book of the virtual SIM customer on the phone used by that virtual SIM customer. This happens as soon as the virtual customer borrows a phone from someone, and logs on to the virtual SIM service with the phone he borrows. Before updating, the contacts which are already on the phone (from the phone owner) are first backed-up. As the virtual SIM customer logs off, the original contacts are restored, so the person who borrows his phone to the virtual SIM customer does not see any changes to his phone. The contact list service is produced by Virtual SIM itself. Also, the virtual SIM service consists of the usual telecommunication services (dial in, dial out, voice mail). These telecommunication services are provided by a home provider, if the virtual SIM customer is in the country he lives in, or by a roaming provider, if the virtual SIM customer travels. In the first case, the telecommunication services are actually "home-services", in the second case they are called "roaming services". In addition to the virtual SIM service itself, the user also needs a physical phone. This phone can either be the phone of the virtual SIM user himself, or can be a phone of someone else. If the phone of someone else is used, the phone owner obtains from Virtual SIM a discount on his phone bill for lending his phone to the virtual SIM customer. So, conceptually, it is Virtual SIM who lends the phone, and borrows the phone to his customer if required. Obviously, the discount is only given if a phone of someone else is used; if the customer of Virtual SIM uses its own phone, there is no discount. All this is arranged by Virtual SIM; they ensure that the customer can always use the phone of others; it is included in the Virtual SIM

| Student name: | |
|---|---|
| Student number: | |

service. This aforementioned discount is subtracted from the phone bill from the phone owner. Therefore, the telecommunication provider of the phone owner provides actually a paying service to Virtual SIM, as Virtual SIM has to pay a "rental fee" to the phone owner.




The figure above shows an *e³value* model for the case study description.

a) Show the errors in the model, by drawing an improved version. **Use for that the incomplete model below. You only have to consider the text under "3. *e³value* case study description".** (15 points)

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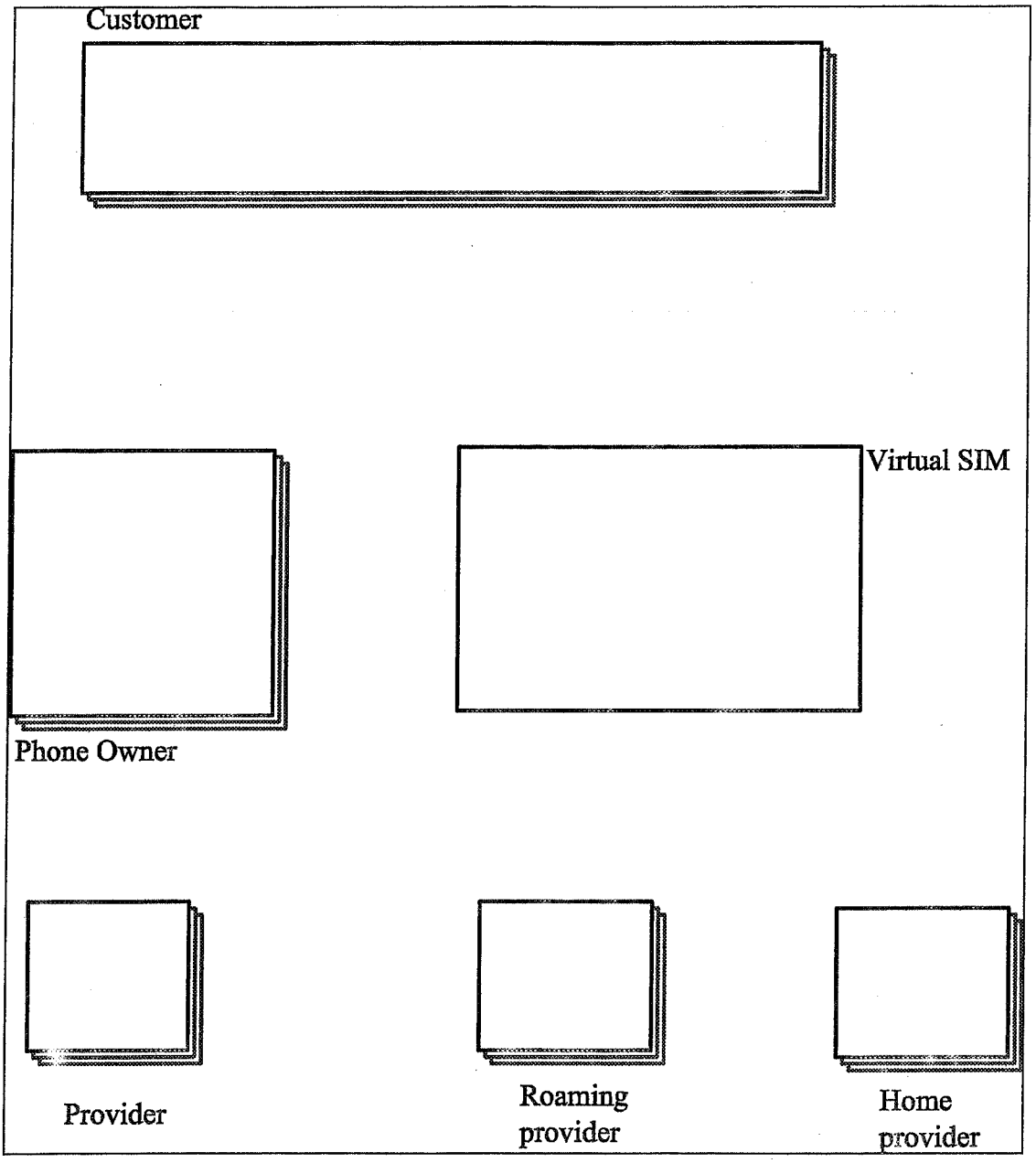
| Student number: | |




In *e³value*, it is possible to model partnerships. In partnerships, actors provide a joint value proposition to their environment. Consider the figure below:

| Student name: | |
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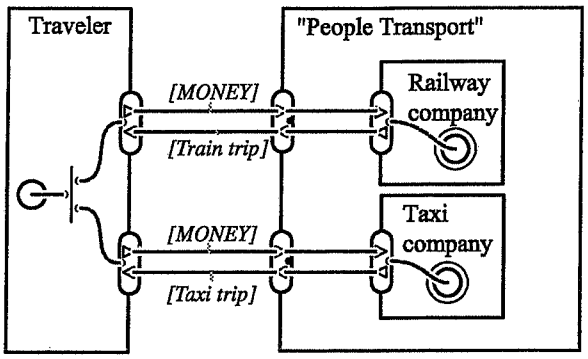
| Student number: | |




b) Is the actor "People Transport" in the figure above a partnership, according to the *e³value* ontology? Why (not)? (15 points)

The actor "People Transport" is .....

because .....

| Student name: | |
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| Student number: | |

**Question 4 (20 points)**

*a)* Explain the differences between funding that you obtain from a venture capitalist or a regular bank. (10 points)

- A venture capitalist:

- A bank:

*b)* For venture capitalists, it is important to know the 'pre-money' value of your enterprise. Explain the difference between the 'pre-money' valuation and the 'post-money' valuation of an enterprise (10 points).