Student name:	
Student number:	

EXAM EBUSINESS INNOVATION Dec 18, 2008, 15.15-18.00

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 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.

Yes/No	I did my group assignment this year (2008)
	I did my group assignment in 2007 or 2006 (please indicate the year)
Yes/No	I still have to do my group assignment

Question 1 (20 points)

Porter claims in his article (HBR March/June articles) 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. (10 points)

b) Give an argumentation showing that standardization (as referred to by Porter) does *not* undermine competitive advantage for an enterprise. (10 points)

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Question 2 (30 points)

Consider the following text and *e³value* 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 an ad to an advertiser, and the advertiser pays a fee in return. The radio station pays two rights societies (SENA and BUMA) for using music tracks: the right to make public as it is called (you are not allowed to broadcast music without paying the right owners of the content you broadcast). The station has to pay per listener, per track, and not per stream. Note that a stream a listener listens to consists of more than one track. These right societies pay in turn their respective right owners. The SENA pays per track per listener a fee to artists (typically, a track has more than one artist), and the BUMA does the same but then for writers of tracks (typically, a track has more than one writer). 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.

Note: You can see from the model that the SENA pays more than one artist for one track as follows: the SENA has an AND construct inside, modeling that one *outgoing right to make public (for a track) is 'exploded' into a* number *of incoming rights of individual artists. The same construct has been applied for the BUMA to model that for one outgoing right on a track, more than one writer should be paid. You can assume that this 'explosion' of a single outgoing right to make public (for a track) into a number of ingoing rights to make public (for artists/writers) is modeled correctly.*

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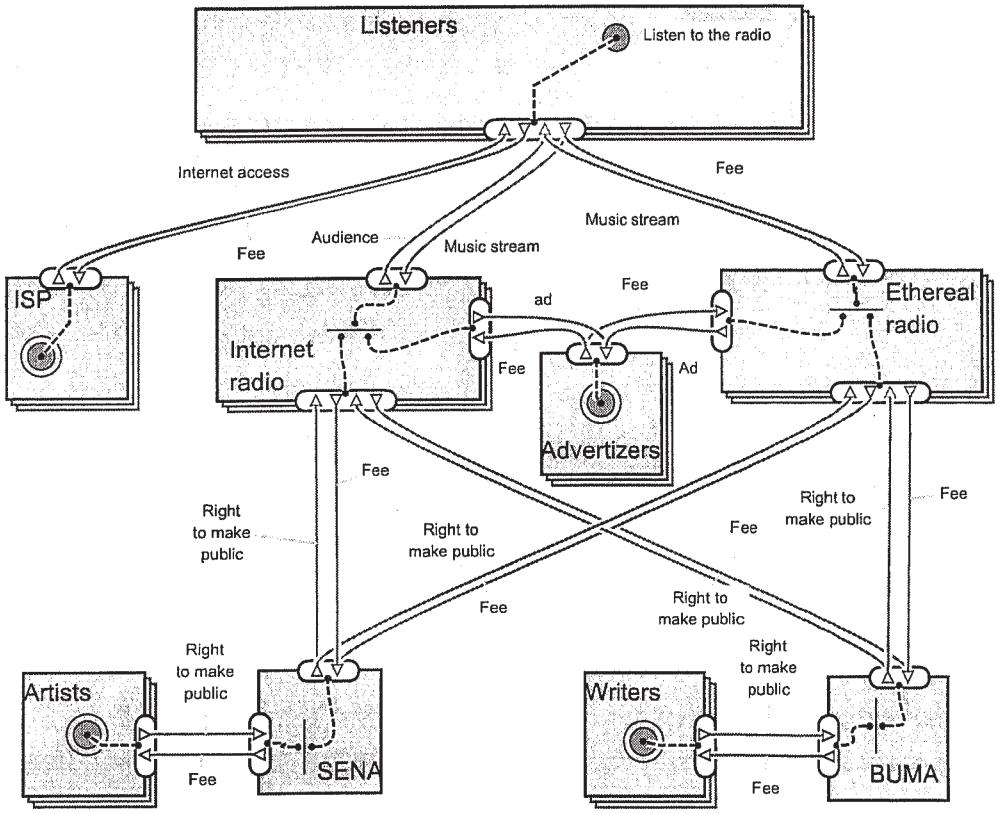
Diagram:



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

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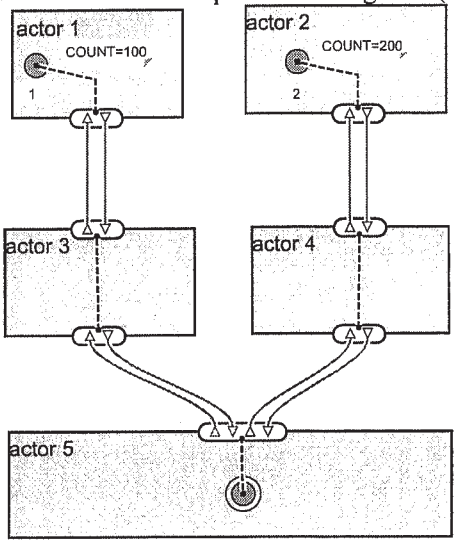
b) Consider the following (abstract) *e³value* diagram. Actor 1 has a consumer need/start stimulus that occurs 100 times. Actor 2 has a consumer need/start stimulus that occurs 200 times. Is this diagram a valid diagram and why (not)? Please note: you are not asked to improve the diagram. (15 points)



Question 3 (30 points)

a) In addition to *e³value*, two other approaches exist for modeling networked value constellations, namely BMO (Univ. of Lausanne) and REA (Michigan State University). Explain the most important difference between *e³value* and BMO, and between *e³value* and REA. (10 points)

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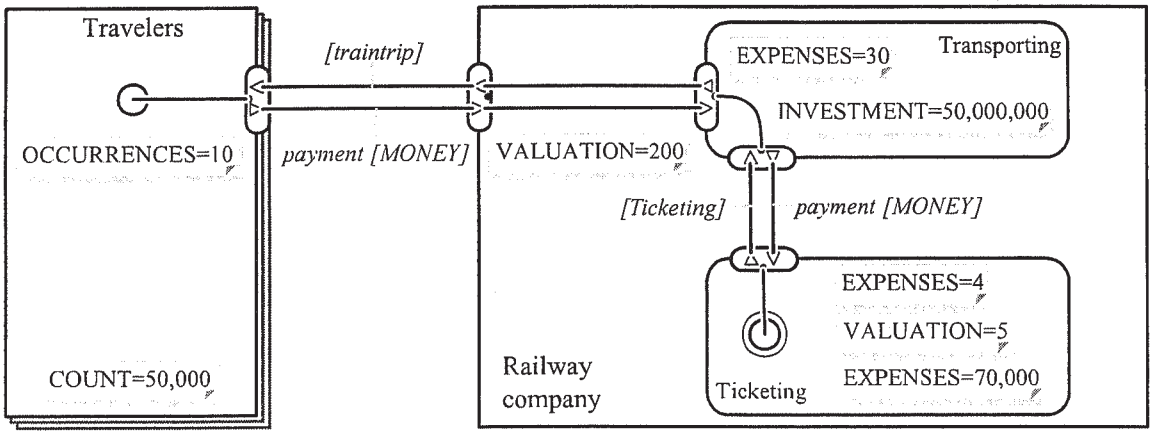
- The most important difference between e^3*value* and BMO is:

- The most important difference between e^3*value* and REA is:

In e^3*value*, VALUATION formulas can be stated for *root-ports*. These VALUATION formulas are then propagated to all non-root ports, which are connected to the root port via a transfer.

b) Mark in the figure below *all* root-ports (put a circle around each root port). (10 points)



c) A value port can be *both* a root port *and* a non-root port. Give an example of such a case. (10 points)

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Question 4 (20 points)

a) Give 5 specific characteristics for venture capital, which distinguishes such capital from a bank loan. (10 points)

1) ...

2) ...

3) ...

4) ...

5) ...

b) To calculate the pre-money value of your company, the VC method uses an interest rate (i). This interest rate is usually very high (20 – 60%). Explain why this is the case. (10 points)

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The interest rate is so high because …