

Test Series: October, 2020

MOCK TEST PAPER

INTERMEDIATE (IPC): GROUP – II

PAPER – 7: ENTERPRISE INFORMATION SYSTEMS AND STRATEGIC MANAGEMENT

SECTION – A: ENTERPRISE INFORMATION SYSTEMS

Time Allowed – 1½ Hours

Maximum Marks: 50 Marks

Part I: Multiple Choice Questions

Total Marks: 15 Marks

Question Nos. 1 to 5 belong to the case scenario and carries 2 marks each.

Fit&Fine is one of the renowned gymnasium in South Delhi established in 2016. The gym is very famous for its health services, latest equipment, cordial environment, and experts. The Fit&Fine gym management has excellent arrangement for its customers as well as employees. A Dietician and a physician are also associated with gym during the gym timings of 5:00 am to 10:00 pm all days.

On the occasion of Diwali in 2019, the gym also launched an online Fit&Fine Gym Aggregator service application to reach out and get connected to more customers through various gyms located in West and North Delhi. For its new e-business as online gym aggregator, Fit&Fine entered into various electronic agreements with many other gyms in West Delhi and North Delhi prescribing the specific terms and conditions of the agreement. All these gyms associated with Fit&Fine are required to provide fitness related best services to its customers.

The services of various associated gyms can be availed by the customers either through the Gym Aggregator service application or through physical visit at the registered gyms in the app by paying onetime membership fees of ₹ 3000 and gets unique membership id and PIN number to avail the facilities. A member can either book for his/her physical visit or online session with any of these registered gyms associated with Fit&Fine using the membership id.

1. Though Fit&Fine gym and other registered gyms have excellent arrangements for health and safety of its employees; yet the management of the gym remains concerned about any negligence that may occur and the risks that can expose it to various fines and penalties posed by any regulatory agency. Which type of business risk is the management here referring to?
 - (a) Strategic Risk
 - (b) Regulatory Risk
 - (c) Hazard Risk
 - (d) Operational Risk
2. The IT team managing the Fit&Fine Gym Aggregator application manages the MIS Report on various parameters like – number of bookings for online sessions/physical meetings done each day, joining of new members per month etc. The information so extracted through these MIS reports have following criterions except one. Identify it.
 - (a) Relevant
 - (b) Accurate
 - (c) Timely
 - (d) Confidential

3. Fit&Fine gym provides Unique Id and PIN number as an access control mechanism to its customers to avail the facilities provide through Gym aggregator service app. From the following controls, identify the Application control under which this specific access control mechanism falls.
 - (a) Physical Control
 - (b) Boundary Control
 - (c) Communication Control
 - (d) Management Control
 4. In purview of above case scenario, there can be a possibility that any registered gym with Fit&Fine Gym aggregator online service may violate the terms and conditions of the agreement done between the two. Which type of risk is associated with this e-Commerce transaction?
 - (a) Lack of authenticity of transaction
 - (b) Problem of anonymity
 - (c) Repudiation of contract
 - (d) Privacy and security
 5. In purview of above case scenario, customer can pay its membership fees through credit card to Fit&Fine. Which risk is taken care in case the banking system key control is established that transaction cannot be made if the aggregate limit of out- standing amount exceeds the credit limit assigned to customer?
 - (a) Credit Line setup is unauthorized and not in line with the bank's policy.
 - (b) Credit Line setup can be breached.
 - (c) Masters defined for the customer are not in accordance with the Pre-Disbursement Certificate.
 - (d) Inaccurate reconciliations performed.
- (2 x 5 = 10 Marks)**

Question Nos. 6 to 10 carries 1 mark each.

6. Identify from the following controls of Information System that deals with organization's policies, procedure and planning.
 - (a) Management Controls
 - (b) Environmental Controls
 - (c) Access Controls
 - (d) Physical Controls
7. Mr. Neeraj is working on a project on healthcare system where he has to perform data mining on the database of patients of last five years in ABC Hospital. The hospital provided him inconsistent data with lots of errors and missing values. He has to apply various techniques to get rid of these anomalies. Identify from the following process which he can use to get rid of these anomalies.
 - (a) Data Cleaning
 - (b) Data Selection
 - (c) Data Integration
 - (d) Data Transformation

8. Mr. X and Mr. Y are employees of XYZ Ltd. In the office during lunch time when Mr. Y was not on his seat, Mr. X stole the pen drive of Mr. Y containing some confidential information from his system. Under which of the following section of Information Technology Act, 2000, is Mr. X punishable?
- (a) Section 66B
 - (b) Section 66C
 - (c) Section 66D
 - (d) Section 43
9. Which of the following is not true about cloud computing?
- (a) Data and information can be accessed with minimal upfront spending in a pay-as-you-go approach.
 - (b) Getting more work done in less time with less resources are possible.
 - (c) Customers may have to face restrictions on the availability of applications, operating systems and infrastructure options.
 - (d) It is feasible to confine within budgetary allocations and can be ahead of completion cycle times.
10. The risk management strategy that is followed by an organization in case the impact and probability of risk is very low. Which type of the risk management strategy would be followed in this case?
- (a) Tolerate the risk.
 - (b) Terminate the risk.
 - (c) Share the risk.
 - (d) Treat the risk.

(1 x 5 = 5 Marks)

Part II: Descriptive Questions

Total Marks: 35 Marks

Question No. 1 is compulsory.

Attempt any three questions out of remaining four questions.

1. (a) Identify the controls that are designed to detect errors, omissions or malicious acts that occur and report the occurrence and explain them. **(3 Marks)**
- (b) Define the Process of Money Laundering. **(2 Marks)**
2. (a) Mr. X is the chief manager of ABC Ltd. - a shoe manufacturing company in New Delhi. He has put a proposal to top management to implement ERP system to enhance the quality in production across processes in company. The management asked him to prepare a report on how the quality management module of ERP would help the company to accelerate its business processes. Describe all the points that Mr. X may write in his report regarding quality Management Module of ERP. **(6 Marks)**
- (b) Mr. G has started his new business of homemade biscuits and cookies through online mode. He has a website having detail of all its products and payment gateway. Identify different ways that should be followed by him to protect his e-business from intrusion? **(4 Marks)**
3. (a) DEF Ltd., a wealth Management Company has its head office in Bengaluru and wants to set up a new office at Mumbai. For the new setup, the DEF Ltd.'s managerial controls are required to be enforced to ensure that the development, implementation, operation and maintenance of information systems at Mumbai office is in planned and controlled manner. Determine all the activities that deal with the Systems Development Management Controls that are responsible for

the functions concerned with analyzing, designing, building, implementing and maintaining information systems. **(6 Marks)**

- (b) The organizations implementing ERP systems should keep abreast of the latest technological developments and implementation which is required to survive and thrive. Enlist all the risks associated with technological aspect of an ERP system. **(4 Marks)**
4. (a) Mr. Amar runs a grocery shopping centre and uses only cash mode for the payments from his customers. However, on regular demand of his customers, he wants to use digital mode of payment also. As a novice, he worries about the security and hassles involved in digital mode of payment as well. Enlist advantages and disadvantages of digital mode of payment for him to make him better understand it. **(6 Marks)**
- (b) ABC Company is having Internal Control System that provides it reasonable assurance about the achievement of ABC's objectives regarding reliability of financial reporting, effectiveness and efficiency of operations. However, the company is not able to achieve its objectives. Write the limitations of Internal Control System that hinder the success of ABC Company. **(4 Marks)**
5. (a) J&J Pvt. Ltd. wants to start its e-business in India. Enlist the positive impacts of IT Act, 2000 in perspective of e-commerce in India that would help J&J Pvt. Ltd. to promote their business. **(6 Marks)**
- (b) ABC is a newly established financial company that wants to obtain ISO 27001 certificate for information security to mitigate the risks of information technology. Write all the sub-processes included in implementation of Information Security. **(4 Marks)**

INTERMEDIATE (NEW): GROUP – II
SECTION – B: STRATEGIC MANAGEMENT

Time Allowed – 1½ Hours

Maximum Marks – 50

Question 1 and 2 are compulsory.

Attempt any three questions out of remaining four questions.

1. (A) Aero Mind Bridge Technologies Ltd (AMBTL) is a software development company work as a solution provider to airlines industry. The company was established more than a decade ago by Mr. Pranshu Gupta having experience of working in United States of America (USA). His entrepreneurial desires brought him back to India to promote Aero Mind Bridge Technologies Ltd (AMBTL). The company started its operations with a meagre capital of ₹ 10 lakhs with limited workforce. Currently, it enjoys a valuation of more than ₹ 50 crores. Almost everybody acknowledged the competency of AMBTL in developing customised software for the airlines industry.

The high growth of the company was mainly on account of the heavy inflows of the funds in the airlines industry from various big business houses that have diversified into airlines industry. Currently, these business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries.

However, AMBTL saw stagnation in last three years. The order position was shrinking day by day. The margins were also reducing. Last year was particularly bad for the AMBTL and its annual sales reduced by 20 % for the first time since its inception.

Most of the business houses that had entered in the airlines industry had less knowledge and experience in the industry. However, their desire to diversify and seeing new opportunity in the airlines industry prompted them to invest heavily into the industry.

However, things did not turn out to be as expected. The tough competition between several players, reduction in the fare by railways and high prices of aviation fuel created problems for the industry. The sector was not able to generate reasonable profits thus resulting difficulty in maintaining operations. They were in need for hard to come by capital. Lately, the airlines industry is witnessing some consolidation with companies planning for mergers or even contemplating closures.

The general global recession also resulted in the reduction of travel expenditure of corporates resulting in decrease in the order position of AMBTL.

Based on the above Case Scenario, answer the Multiple Choice Questions which are as follows:

Multiple Choice Questions (MCQs)

- (i) Identify the nature of diversification by the business houses entering into airlines industry.
- (a) Concentric diversification
 - (b) Conglomerate diversification
 - (c) Vertically integrated diversification
 - (d) Horizontal integrated diversification
- (1 Mark)**
- (ii) The big business houses were in the manufacturing of FMCG, textiles, packaging etc. and having good expertise and uniqueness in these industries. But they are not performing well in airlines industry because of

- (a) Non availability of funds
- (b) Incompetent workforce
- (c) Rapid technological changes
- (d) Lacking core competence

(1 Mark)

(iii) According to Michael Porter's model, identify the competitive pressures faced by airlines industry as per the given scenario.

1. Competitive pressure among rival sellers
2. Competitive pressure from suppliers
3. Competitive pressure from substitute products
4. Competitive pressure from buyers
5. Competitive pressure from new entrants

Select the correct combination in the above scenario:

- (a) 1, 2 & 3
- (b) 1, 3 & 4
- (c) 2, 3 & 5
- (d) 1, 4 & 5

(1 Mark)

(iv) AMBTL can be identified as a Star as per BCG's Growth Matrix, basis the rapid growth it has shown to maintain market and fuel the growth potential. For last three years, AMBTL turn into, as per the BCG matrix, when its growth slows down?

- (a) Dog
- (b) Question Mark
- (c) Will remain a star
- (d) Cash Cow

(2 Marks)

(v) Mr. Pranshu Gupta as a core strategist of AMBTL, authorised for bringing about strategic change in his company, how he will initiate "unfreezing of the situation"?

- (a) Promoting new ideas throughout the organization
- (b) Promoting compliance throughout the organization
- (c) Promoting change in process throughout the organization
- (d) None of the above

(1 Mark)

(B) Members of Infinite Care, an NGO, have met and determined that they need to formulate a philosophical basis for their activities. Thereby they have come up with a statement:-

"Provide children till age 12, living in homeless or low-income situations, with the essential items they need to thrive – at home, at school and at play"

Identify the area of strategic intent, which the members have stated?

- (a) Vision
- (b) Business Definition
- (c) Goal and Objective

- (d) Mission **(2 Marks)**
- (C) Sport Spirit (SS) is a medium sized sports retailer. It currently operates three shops in the city at centre locations. The management of Sport Spirit (SS) has a very careful recruitment policy; any applicant must have a 'passion for sport'. Which one of the following functional strategies would best describe by SS?
- (a) Human Resource Strategy
 - (b) Financial Strategy
 - (c) Operation Strategy
 - (d) Marketing Strategy **(1 Mark)**
- (D) Dee Limited is an international clothing retailer. The company is making the following decisions:
- i. Should another range of shops be established?
 - ii. Should the company float more share capital?
 - iii. How will the premises be fitted out for the new range of shops?
- Which of the above decisions will be taken by corporate level managers?
- (a) Only (i)
 - (b) Only (ii)
 - (c) (i) & (ii)
 - (d) (ii) & (iii) **(1 Mark)**
- (E) 'Strategic group mapping' helps in-
- (a) Identifying the strongest rival companies
 - (b) Identifying weakest rival companies
 - (c) Identifying weakest and strongest rival companies
 - (d) None of the above **(1 Mark)**
- (F) Low cost, differentiation and focus are:
- (a) SBU level strategies
 - (b) Corporate level strategies
 - (c) Business level strategies
 - (d) Functional level strategies **(1 Mark)**
- (G) Supply chain refers to the linkages between:
- (a) Suppliers
 - (b) Customers
 - (c) Manufacturers
 - (d) All the above **(1 Mark)**

- (H) When two organisations combine to increase their strength and financial gains along with reducing competition is called-----.
- (a) Hostile takeover
 - (b) Liquidation
 - (c) Merger
 - (d) Acquisition **(1 Mark)**
- (I) Which of the following would be chosen by the core strategist to implement operational control?
- (a) Premise Control
 - (b) Special Alert Control
 - (c) Implementation Control
 - (d) Budgetary Control **(1 Mark)**
2. Delta Co. is an organization specializing in Information Technology enabled Services (ITeS) and Communications business. Last year, the organization had successfully integrated an Artificial Intelligence (AI) tool named 'Zeus' into the existing ERP system. The AI tool, using Deep Learning technique provided a digital leap transformation in various business processes and operations. It has significantly diminished the role played by specialist managers of the middle management. This technological tool in addition to saving organizational costs by replacing many tasks of the middle management has also served as a link between top and bottom levels in the organization and assists in quick decision making. The skewed middle level managers now perform cross-functional duties. Which type of organizational structure is the company transitioning into? **(5 Marks)**
3. (a) Write short note on expansion through acquisitions and mergers. **(5 Marks)**
(b) How would you argue that Research and Development Personnel are important for effective strategy implementation? **(5 Marks)**
4. (a) What benefits accrue by following a strategic approach to managing? **(5 Marks)**
(b) Mission statement of a company focuses on the question: 'who we are' and 'what we do'. Explain briefly. **(5 Marks)**
5. (a) Identify three aspects of impact of IT Systems on Business Process Reengineering and list three areas where it provides business value. **(5 Marks)**
(b) Distinguish between Cost Leadership and Differentiation Strategies. **(5 Marks)**
6. (a) Explain the concept of Experience Curve and highlight its relevance in strategic management. **(5 Marks)**
(b) What is corporate culture? How is it both strength and weakness of an organisation? **(5 Marks)**