**FACULTY OF SCIENCE**

| ACADEMY OF COMPUTER SCIENCE AND SOFTWARE ENGINEERING | |
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| **MODULE** | **IT00267 / IT28X67**<br>E-Business Strategy |
| **CAMPUS** | **APK** |
| **FSAO** | |

**Date:** 9 June 2021                          **Session:** 08:30 – 10:30

**Assessor:**                                        Mr BR Greaves

**External Moderator:**                        Prof. A Da Veiga (UNISA)

**Duration:** 120 Minutes                    **Marks:** 100

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# Case Study

**Read the following case study. All questions in this paper relate to this case study.**

**Erin's Promotion Incorporated** (**EPI**) is a fictitious online company that operates out of a small office building in Johannesburg, South Africa. EPI primarily serves customers in the creation of bespoke websites and marketing campaigns to promote their clientele. The organisation has many years of experience designing custom software products (websites) and marketing services, despite only having few full-time staff members. Due to the nature of their business, there is no need for any physical supply chains or suppliers. EPI makes its money off its employees' skills to create and manage marketing campaigns and design small-scale websites. However, EPI's owner, Erin, aspires to make the business a recognisable brand both locally and in South Africa's neighbouring countries.

The majority of JRTS's income goes to rent as the organisation needs office space to manage business operations and meet with clients. They own and maintain their website in-house using their servers. The servers, however, are ancient, and the staff that initially configured the on-site solution have long since left the organisation. Erin fears that the systems that they operate are not sufficiently up-to-date.

EPI has one customer service consultant that can redirect calls to other organisation members to deal with technical queries or troubleshoot problems. This process can be very distracting to technical staff as they often get called to deal with questions that the consultant does not have the know-how to handle.

At EPI websites are produced using a traditional Waterfall approach to gather requirements, design and then implement the website. Clients meet at the company offices to discuss the website and any other marketing material required. After the initial website is ready, the customer is invited to test the website. During this phase, the customer requests any changes they want and they are submitted to the development team to implement. The developers complain that this process is very inefficient. The customers, however, enjoy the hands-on approach of the company. They really like the tailored service they receive from EPI and their hands-on approach.

Before the pandemic: To modernise the business, Erin decided to bring in some new skills to modernise the organisation. However, the new staff are battling to fit into the outdated culture of the organisation and their existing processes. Communication is challenging due to lockdowns preventing meetings between employees and with customers. The new team cite a desire to make use of more modern systems and technologies throughout the organisation. However, existing staff are reluctant.

EPI's has many competitors that operate in the marketing and web development spaces.

You have been brought in as a consultant to assist Erin in achieving the new business goals.

**To assist Erin, you must make use of your E-Business knowledge to answer the questions that follow. You must answer each question concerning the case study. Therefore, you must justify your answers by stating your reasoning and referencing key points in the case study.**
**Let the mark allocations guide your effort: 1 Mark usually requires 1 valid point in a discussion.**

## QUESTION 1

**1.1** Erin wishes to make her organisation an international eCommerce competitor. Discuss six (6) benefits that EPI could gain by evolving their online eCommerce company. Remember to contextualise them specifically for EPI. **(6)**

Solution:

Any discussion on valid benefits justified by reference to the case study. The following are examples **[1 Mark each as long as it relates to the organisation]**:

**Advantages:**
- •Cost savings
- •More efficient operations
- •Improved customer service and relationships
- •Improved communication with suppliers
- •Increased speed in order fulfilment
- •Automated scheduling and planning
- •Improved interconnectivity between internal business operations

**Vendors**
- Be discovered without massive marketing costs
- Global reach
- Track customer preferences
- Individually tailored marketing

**1.2** Discuss four (4) challenges that EPI may face in evolving as an eCommerce entity. **(4)**

Solution:

Any discussion on valid challenges justified by reference to the case study. The following are examples **[1 Mark each as long as it relates to the organisation]**:

**Disadvantages:**
- Development costs
- Restructuring business operations
- Restructuring existing business systems
- Security risks

**[10]**

## QUESTION 2

**2.1** Do you feel that EPI needs to make a change to their current on-site hosting solution? List at least two (2) problems that need addressing. **(4)**

Solution:

Student's answer **[2 Marks based on their reasoning]**

Problems including any of the following **[2 Marks]:**

- Lack of in-house skills
- Money to upgrade hardware
- Security risks
- Any other valid problem identified by the student

**2.2** What do you feel needs to be done about their hosting situation for their website and servers? Discuss with respect to the case study how you have come to this decision. **(5)**

Solution:

Student's answer **[1 Mark]**

Any discussion justified by reference to the case study **[4 Marks]:**

- Expected that the suggestion will include moving to a cloud-based platform.

**2.3** If they were to move to a cloud service provider, would it provide any benefit in the current pandemic? If so, what benefit? **(1)**

Solution:

Student's answer **[0 Marks]**

Any one valid benefit identified **[1 Mark]:**

**[10]**

## QUESTION 3

**3.1** What is the **value proposition** for EPI's customers? Discuss. **(5)**

Solution:

Any suitable discussion that relates the customer to the services offered and discusses the amount of money that a customer is willing to pay. This can include a discussion on a point of equilibrium and/or a discussion on how to entice a customer. **[1 Mark per valid point]**

I expect the students to include the following in their discussion from the case study:

- The hands-on approach of EPI
- Tailor-made services
- Ability to phone to get technical advice/help

**3.2** If EPI were to adapt to the pandemic by doing away with their physical offices and moving to remote (online) work, how do you think this could affect their customers, corporate culture, and bottom line? Remember to justify your discussion from examples drawn from the case study. **(15)**

Solution:

Any suitable discussion that relates the specified points to the case study. The student needs to think about the effect of changes in the way the organisation does business and theorise how this could affect things moving forward. **[1 Mark per valid point]**

Customers:
- No more in-person meetings (this could negatively affect the Waterfall model requirements elicitation process and feedback processes).
- A less "hands-on" feel.
- Abstraction from the customer from only interacting through mail/phone/video.
- Any other valid point raised by the student and justified from the case study.

Corporate culture:
- Someone still needs to be around to fix the server/perform updates/etc.
- Newer staff might appreciate the move to remote work and the shake-up of old routines.
- Older staff may be put out of their comfort zones.
- Communication may become more complex and time-consuming.
- Any other valid point raised by the student and justified from the case study.

Bottom-line:
- Increased development time due to changes in operations.
- Less spent on rent.
- More spent on upgrading systems and going remote.
- Any other valid point raised by the student and justified from the case study.

**[20]**

# QUESTION 4

**4.1** List three (3) channels that EPI is already making use of to reach customers. **(3)**

Solution:

Examples **[1 Mark each (other valid examples will be marked)]**:
- E-Mail
- Telephone
- Website
- In-person meetings

**4.2** For an organisation to truly become an eCommerce entity, it will require a website. Luckily EPI is in the business of creating websites for their customers. Do you think that the way they are currently developing and maintaining their customers' websites is efficient? Explain with reference to the case study why you think this is the case. **(7)**

Solution:

Student's answer **[1 Mark per valid point]**. The following are expected discussion points:
- Waterfall is outdated.
- Waterfall requires large amounts of information up-front.
- There is no customer involvement during the implementation phases.
- Agile approach could be more efficient.
- Customer development.
- Directly calling technical staff is disruptive/Ticketing is more efficient than call "centres".
- Any other valid points made by the student.

**[10]**

## QUESTION 5

**5.1** Discuss the **Product Development Process** concerning the implementation of websites for EPI's **(5)** customers. Discuss what would possibly need to happen at each phase.

Solution:

Student must discuss what could possibly happen at each of the five stages Product Development Process specifically for the company **[1 Mark per valid point]**:

1. Conceive
2. Develop
3. Realise
4. Support
5. Retire

**5.2** Is the Waterfall model the best option for EPI? Why? **(1)**

Solution:

Student's answer with valid justification **[1 Mark]**

**5.3** Name and describe a process that can be used to improve the development of products and **(4)** services better tailored to EPI's customer needs. Discuss how this will affect the Product Development Process discussed in 5.1.

Solution:

A discussion including any of the following **[1 Marks for name and description]**:

- Bootstrapping
- Lean Start-up Philosophy
- Lean Product Development
- Agile Development
- Customer Development
- Customer Feedback Loop

In the discussion, Students must explain how the above will affect the Product Development Process stages **[3 Marks for valid effects]**:

Conceive, Develop, Realise, Support, Retire

**[10]**

## QUESTION 6

Discuss how the integration of an eBusiness Strategy could improve EPI. Include examples related to the case study of what could be done at each of the four (4) stages of the eBusiness strategic development process to gear up the organisation.

Solution:

A suitable discussion about the positive effect that the implementation of an eBusiness plan could yield for the company **[2 Marks]**. The student should provide a valid example of what could be done at each of the following Strategic Development Stages:

- Stage 1: Acquire e-Business competence **[2 Marks]**.

- Stage 2: Establish channel and acclimatise start up community **[2 Marks]**.
- Stage 3: Extend applications and increase community dependence **[2 Marks]**.
- Stage 4: Optimise Internet contribution to core business **[2 Marks]**.

**[10]**

## QUESTION 7

According to McKinsey & Company, digitisation affects all areas of operation in modern organisations. EPI does some things well already, but others could be improved. Identify which of the **Six Building Blocks for Creating a High-Performing Digital Enterprise** could be effectively applied to EPI and why. In your discussion, also discuss which of the building blocks they may not benefit from greatly and why. You may examine each of these sections separately. Please note the following:

- You need to discuss five (5) of the Six Building Blocks.
- 4 Marks are awarded per Building Block, so provide an adequate discussion of your reasoning.
    - Remember to draw important points from the case study.

Solution:

Any valid discussion including any combination of the following 6 Building Blocks and a suitable description of how they fit together in the context of the case study:

- **1: Strategy and innovation** - "Focus on future value and drive fuelled by experimentation."
- **2: Customer decision journey** - "Deep analysis and ethnographic research to understand how and why customers make decisions."
- **3: Process automation** - "Reinvent processes and customer journeys through automation and agile process."
- **4: Organisation** - "Agile, flexible, and collaborative processes and capabilities that follow strategy."
- **5: Technology** - "2-speed IT to support core functions and rapid development."
- **6: Data and analytics** - "Usable and relevant customer analytics tied to goals and strategies."

<u>Very important</u>: The student must identify and justify which of the 6 Building Blocks they feel the organisation will benefit from and which it will not and why. They must justify each statement with reference to the case study **[4 marks per Building Block x5 with suitable justification]**.

**[20]**

# QUESTION 8

Discuss **Social Commerce** as an alternative to traditional media for reaching the customer. Remember that EPI is trying to break into new markets in other African countries where mobile phones may be more prevalent than conventional internet connections. In your discussion of social commerce, consider EPI's strengths as a marketing firm and advocate what might be suitable methods for reaching new customers for their own business and for those that they market for as an organisation.

This is an open-ended question. Try to think from the perspective of the organisation and from that of their (potential) customers. How can they attract more clientele, and how do they market their services to new customers?

Solution:

A valid, justified discussion including any of the following **[2 Marks per valid point with reference to the case study]**:

## Features of Social Commerce:
• **Ratings** and **reviews** are consistently "in-demand" features by customers of social commerce stores.
• Sophisticated recommendation technology.
• The potential of networked users is utilised to generate new ideas.
• **Adverts**
• Added value at virtually no cost.
• Increase efficiency in understanding customer needs.
• **Identifying** potential customers.
• Building customer **loyalty**.

## Advantages:
• **Personalised** shopping experience.
• Better reach for prospective customers.
• Direct contact with "Communities."
• Opportunity for consumers to **engage** with online retailers and vice versa.
• Creates a trusted environment.
• Provides real-time feedback.
• **Instant access** to consumer behaviour data.

## Pitfalls:
• Moving away from the traditional media.
• Offering a united shopping experience.
• Privacy.
• Customer engagement tools for social commerce change rapidly.
• Unlike direct selling, there are a lot of hidden soft costs.
• Building strong relationships may be more **difficult** than expected.
• **Disgruntled customers have powerful tools or mediums to express disappointment and negatively affect a brand's reputation.**

**[10]**

### TOTAL: 100 MARKS