



CII Institute of Logistics

Post Graduate Diploma in Supply Chain Management
Semester-end Examination June 2008

LOGISTICS TECHNOLOGY & EBUSINESS

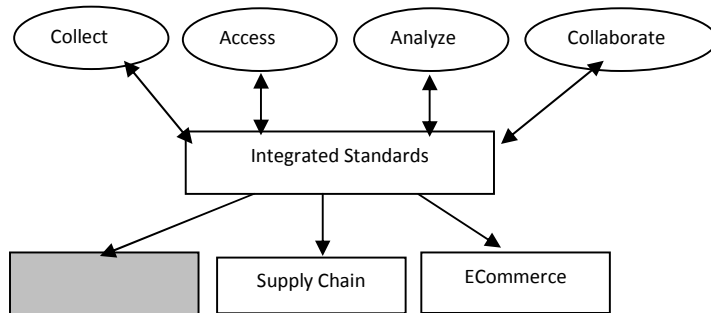
Time : Three Hours

Marks : 100

Part A

Answer all questions (10 x 1 = 10 Marks)

- Which of the following is the direct result of applying supply chain strategies?
 - a) Reduced cost and least time
 - b) Lower wages to employees
 - c) Increased production
 - d) Excess inventory in anticipation of orders
- _____ goal of supply chain information system is aimed at planning activities and make trade-offs based on information from the entire supply chain.
 - a) Collect
 - b) Access
 - c) Collaborate
 - d) Analyze
- Which comes in the shaded area in the diagram below?

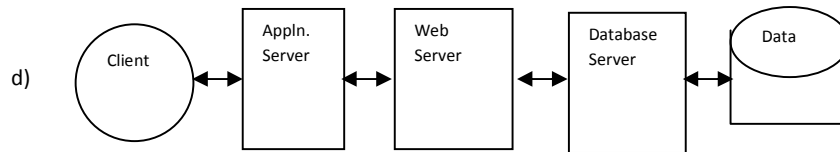
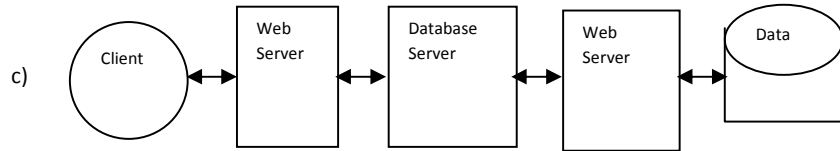
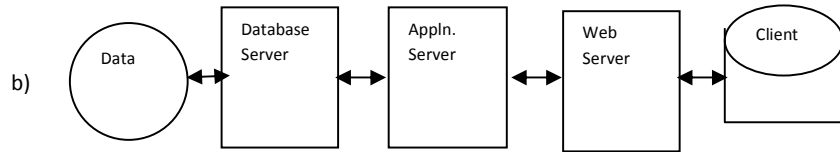
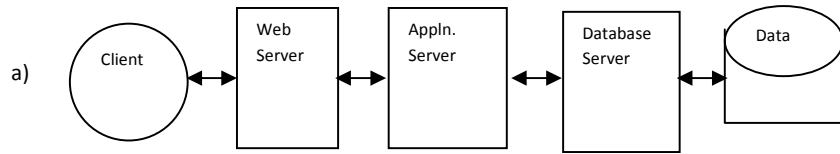


- a) Planning
 - b) Optimal Inventory
 - c) Infrastructure
 - d) None of the above
- _____ Strategy will be extremely powerful when the market is very competitive with companies selling same range of product or service alternatives to broad base of price sensitive customers
 - a) Low cost strategy
 - b) Broad differentiation strategy
 - c) Best cost provider strategy
 - d) Focus strategy
 - Choose the missing phrase in the definition information systems. Information systems can be any organized combination of people, software, _____ and data resources that collect, _____, and disseminate information in an organization.
 - a) Infrastructure, Plan
 - b) Communication networks, Analyze
 - c) Efficient Management, Analyze
 - d) Investment plans, collaborate
 - Which is the correct formula for Return on Investment (ROI) of IT infrastructure?
 - a. Tangible Benefits / Cost of using Technology
 - b. (Tangible benefits – Cost) / Tangible Benefits
 - c. (Cost – Tangible Benefits) / Cost
 - d. (Tangible Benefits – Cost) / Cost
 - State which of the following statements are true.

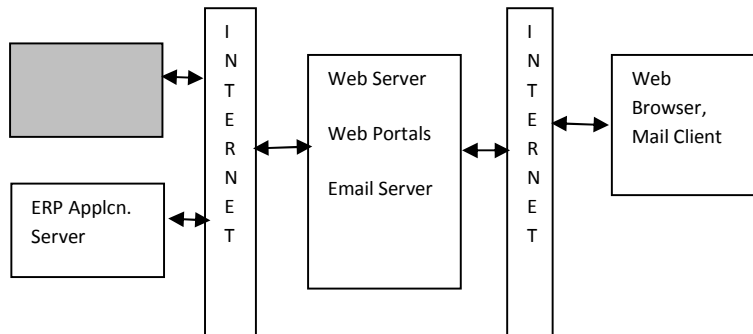
Statement 1: Application development and maintenance, a vital part in creating enterprise information systems, are not outsourced

Statement 2: Mobile computing infrastructure is gaining popularity

 - a) Only statement 1 is true
 - b) Only statement 2 is true
 - c) Both statements are true
 - d) None of the statements is true
 - State which of the following block diagrams depicts the eCommerce architecture correctly.



9. Find the missing layer/component that will appear in the shaded area in the XRP system architecture



- a) SCM/CRM Application Server
- b) Proprietary Software
- c) Database
- d) None of the above

10. _____ application of selling chain infrastructure enables sales force to generate requirement based accurate configurations and quote at point of sale.

- a) Internet relationship management
- b) Sales configuration systems
- c) Product catalog and marketing encyclopedia
- d) Proposal/Quote generation systems

Part B

Answer any three (3 x 15 = 45)

1. Discuss any two major decision areas supply chain management
2. "Today's companies seek to transition from the managed-by-transaction business model to the managed-by-exception model" Discuss the above statement with reference to end-to-en procurement process.
3. Write short notes on Data warehousing highlighting the process benefits and challenges
4. Compare ERP and XRP architectures
5. Discuss the popular approaches to formulate eBusiness strategic plan

Part C

Case Study (3 x 15 = 45)

Read the Amazon.com case study below and answer all the questions given at the end.

Why a case study on Amazon? Surely everyone knows about who Amazon are and what they do? Yes, well that's maybe true, but this case goes beyond the surface to review some of the 'insider secrets' of Amazon's success.

Like eBay, Amazon.com was born in 1995. The name reflected the vision of Jeff Bezos, to produce a large scale phenomenon like the Amazon river. This ambition has proved justified since just 8 years later, Amazon passed the \$5 billion sales mark – it took Wal-Mart 20 years to achieve this.

By 2008 Amazon was a global brand with over 76 million active customers accounts and order fulfillment to more than 200 countries. Despite this volume of sales, at December 31, 2007 Amazon employed approximately 17,000 full-time and part-time employees.

In September 2007, it launched Amazon MP3, a la carte DRM-free MP3 music downloads, which now includes over 3.1 million songs from more than 270,000 artists.

In their 2008 SEC (Securities Exchange Commission) filing, Amazon describes the vision of their business as to:

"Relentlessly focus on customer experience by offering our customers low prices, convenience, and a wide selection of merchandise."

The vision is to offer Earth's biggest selection and to be Earth's most customer-centric company. Consider how these core marketing messages summarising the Amazon online value proposition are communicated both on-site and through offline communications.

Of course, achieving customer loyalty and repeat purchases has been key to Amazon's success. Many dot-coms failed because they succeeded in achieving awareness, but not loyalty. Amazon achieved both. In their SEC filing they stress how they seek to achieve this. They say:

"We work to earn repeat purchases by providing easy-to-use functionality, fast and reliable fulfillment, timely customer service, feature rich content, and a trusted transaction environment."

Key features of our websites include editorial and customer reviews; manufacturer product information; Web pages tailored to individual preferences, such as recommendations and notifications; 1-Click® technology; secure payment systems; image uploads; searching on our websites as well as the Internet; browsing; and the ability to view selected interior pages and citations, and search the entire contents of many of the books we offer with our "Look Inside the Book" and "Search Inside the Book" features. Our community of online customers also creates feature-rich

content, including product reviews, online recommendation lists, wish lists, buying guides, and wedding and baby registries."

Amazon defines what it refers to as three consumer sets customers, seller customers and developer customers.

There are over 76 million customer accounts, but just 1.3 million active seller customers in it's marketplaces and Amazon is seeking to increase this. Amazon is unusual for a retailer in that it identifies "developer customers" who use its Amazon Web Services, which provides access to technology infrastructure such as hosting that developers can use to develop their own web services.

Members are also encouraged to join a loyalty programme, Amazon Prime, a fee-based membership program in which members receive free or discounted express shipping, in the United States, the United Kingdom, Germany and Japan.

Amazon technology infrastructure must readily support this culture of experimentation and this can be difficult to achieved with standardized content management. Amazon has achieved its competitive advantage through developing its technology internally and with a significant investment in this which may not be available to other organizations without the right focus on the online channels.

Round (2004) describes the technology approach as 'distributed development and deployment'. Pages such as the home page have a number of content 'pods' or 'slots' which call web services for features. This makes it relatively easy to change the content in these pods and even change the location of the pods on-screen. Amazon uses a flowable or fluid page design unlike many sites which enables it to make the most of real-estate on-screen.

Technology also supports more standard e-retail facilities. SEC (2005) states: 'We use a set of applications for accepting and validating customer orders, placing and tracking orders with suppliers, managing and assigning inventory to customer orders, and ensuring proper shipment of products to customers. Our transaction-processing systems handle millions of items, a number of different status inquiries, multiple shipping addresses, gift-wrapping requests, and multiple shipment methods. These systems allow the customer to choose whether to receive single or several shipments based on availability and to track the progress of each order. These applications also manage the process of accepting, authorizing, and charging customer credit cards.'

In their SEC filings Amazon state that the aims of their communications strategy are (unsurprisingly) to

Increase customer traffic to our websites

Create awareness of our products and services

Promote repeat purchases

Develop incremental product and service revenue opportunities

Strengthen and broaden the Amazon.com brand name.

Amazon also believes that their most effective marketing communications are a consequence of their focus on continuously improving the customer experience. This then creates word-of-mouth promotion which is effective in acquiring new customers and may also encourage repeat customer visits.

Online advertising techniques include paid search marketing, interactive ads on portals, e-mail campaigns and search engine optimization. These are automated as far as possible as described earlier in the case study. As previously mentioned, the affiliate programme is also important in driving visitors to Amazon and Amazon offers a wide range of methods of linking to its site to help improve conversion.

For example, affiliates can use straight text links leading direct to a product page and they also offer a range of dynamic banners which feature different content such as books about Internet marketing or a search box. Amazon also use cooperative advertising arrangements, better known as 'contra-deals' with some vendors and other third parties. For example, a print advertisement in 2005 for a particular product such as a wireless router with a free wireless laptop card promotion will feature a specific Amazon URL in the ad. In product fulfillment packs, Amazon may include a leaflet for a non-competing online company such as Fingleaves.com (lingerie) or Expedia (travel). In return, Amazon leaflets may be included in customer communications from the partner brands.

Answer the questions below.

1. What is the vision and strategy of Amazon.com
2. Comment on the Technology used by Amazon.com
3. Write short notes on the Marketing strategy by Amazon.com
