IPCC – MAY 2018

PAPER 7 : INFORMATION TECHNOLOGY AND STRATEGIC MANANGEMENT

Test Code:
Branch (MULTIPLE) Date :

(50 Marks)

SECTION A : INFORMATION TECHNOLOGY
Question 1 Is compulsory
Answer any five from the rest

Question 1

a. Risks involved in implementing Business Process Automation (BPA) are as follows:

Risk to jobs: Jobs that were earlier performed manually by several employees would post-automation would be mechanized, thereby posing a threat to jobs.**(1 mark)**

False sense of security: Automating poor processes will not gain better business practices. **(1 mark)**

b. Major concerns relating to Mobile Computing are as follows: **(1/2 mark each point)**

- Mobile computing has its fair share of security concerns as any other technology.
- Dangers of misrepresentation - Another problem plaguing mobile computing are credential verification.
- Power consumption: When a power outlet or portable generator is not av ailable, mobile computers must rely entirely on battery power.
- Potential health hazards.

c. **Terminals in the Telecommunication Network:** Terminals are the starting and stopping points in any telecommunication network environment. Any input or output device that is used to transmit or receive data can be classified as a Terminal Component. These include Video Terminals, Microcomputers, Telephones, Office Equipment, Telephone and Transaction Terminals. **(2 marks)**

d. **Data:** Data is a raw and unorganized fact that needs to be processed. Data in itself is meaningless and obtained through observations and recordings. Data are used as the input for a process that create information as an output. For example, data can be in the form of a number or statement such as a date or a measurement. **(2 marks)**

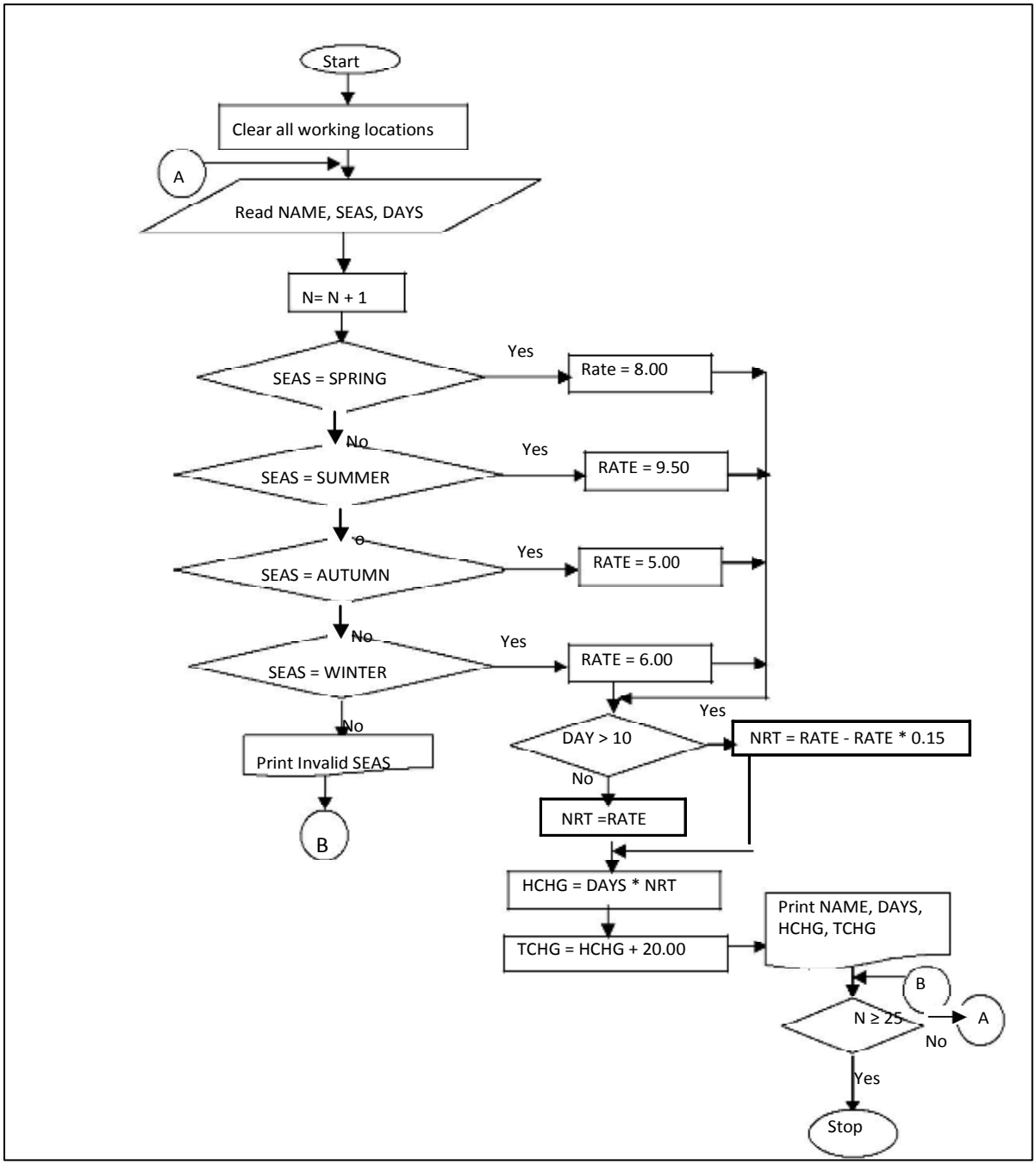
Information: When data is processed, organized, structured or presented in a given context so as to make it useful, it is called Information. Some examples of information include aggregating which summarizes data by such means as taking an average value of group of numbers. **(2 marks)**

e. **Online Processing:** In this, data is processed immediately while it is entered, the user usually only must wait a short time for a response. For example: games, word processing, booking systems. Interactive or online processing requires a user to supply an input.

Interactive or online processing enables the user to input data and get the results of the processing of that data immediately. **(1 marks)**

Real-Time Processing: Real Time processing is a subset of interactive or online processing. Input is continuously, automatically acquired from sensors which are processed immediately to respond to the input in as little time as possible. The system doesn't need a user to control it, it works automatically. Real time processing is used in warning systems on aircraft, alarm systems in hazardous zones, burglar alarms etc. **(1 marks)**

Question 2 (8 Marks)



Question 3

a. **Information System Life Cycle** is commonly referred as **Software/System Development Life Cycle (SDLC)** which is a methodology used to describe the process of building information

systems. SDLC framework provides a sequence of activities for system designers and developers to follow. It consists of a set of steps or phases in which each phase of the SDLC

- uses the results of the previous one. Various phases for developing an Information System are given as follows:

- **Phase 1: System Investigation:** This phase examines that 'What is the problem and is it worth solving'? A feasibility study is done under the dimensions – Technical, Economical, Legal, Operational etc.
- **Phase 2: System Analysis:** This phase examines that 'What must the Information System do to solve the problem'? System analyst would be gathering details about the current system and will involve interviewing staff; examining current business; sending out questionnaires and observation of current procedures.
- The Systems Analyst will examine data and information flows in the enterprise using data flow diagrams; establish what the proposed system will actually do (not how it will do it); analyze costs and benefits; outline system implementation options. (For example: in-house or using consultants); consider possible hardware configurations; and make recommendations.
- **Phase 3: System Designing:** This phase examines that 'How will the Information System do what it must do to obtain the solution to the problem'? This phase specifies the technical aspects of a proposed system in terms of Hardware platform; Software; Outputs; Inputs; User interface; Modular design; Test plan; Conversion plan and Documentation.
- **Phase 4: System Implementation:** This phase examines that 'How will the solution be put into effect'? This phase involves coding and testing of the system; acquisition of hardware and software; and either installation of the new system or conversion of the old system to the new one.
- **Phase 5: System Maintenance and Review:** This phase evaluates results of solution and modifies the system to meet the changing needs. Post implementation review would be done to address Programming amendments; Adjustment of clerical procedures; Modification of Reports, and Request for new programs.

b.

The differences between Guided Media and Unguided Media are given below:

Guided Media	Unguided Media
Guided Media are those media that provide a conduit from one device to another.	Unguided Transmission Media consists of a means for the data signals to travel but nothing to guide them along a specific path.
Guided Transmission Media uses a "cabling" system that guides the data signals along a specific path.	It passes through a vacuum; it is independent of a physical pathway.
Example – Coaxial Cable, Twisted Pair, Fiber Optic Cable.	Example – Infrared Waves, Micro Waves, Radio Waves etc.

c.

- **Reliability**: High-end conventional computing systems use expensive hardware to increase reliability. The machines also use duplicate processors in such a way that when they fail, one can be replaced without turning the other off. **(1/2 mark)**
- **Management**: The grid offers management of priorities among different projects. Aggregating utilization data over a larger set of projects can enhance an organization's ability to project future upgrade needs. When maintenance is required, grid work can be rerouted to other machines without crippling the projects involved. **(1/2 mark)**

Question 4

a. Network Virtualization: Network virtualization is a method of combining the available resources in a network by splitting up the available bandwidth into channels, each of which is independent from the others, and each of which can be assigned (or reassigned) to a particular server or device in real time. This allows a large physical network to be provisioned into multiple smaller logical networks and conversely allows multiple physical LANs to be combined into a larger logical network. This behaviour allows administrators to improve network traffic control, enterprise and security. Network virtualization involves platform virtualization, often combined with resource virtualization. Network virtualization is intended to optimize network speed, reliability, flexibility, scalability, and security.

2

Storage Virtualization: Storage virtualization is the apparent pooling of data from multiple storage devices, even different types of storage devices, into what appears to be a single device that is managed from a central console. Storage virtualization helps the storage administrator perform the tasks of backup, archiving, and recovery more easily -- and in less time -- by disguising the actual complexity of a Storage Area Network (SAN). 2

b.

Complex Instruction Set Computer (CISC): If the Control Unit contains a number of micro-electronic circuitry to generate a set of control signals and each micro-circuitry is activated by a micro-code, this design approach is called CISC design. Examples of CISC processors are: Intel 386, 486, Pentium, Pentium Pro, Pentium II, Pentium III processors etc. CISC chips have a large, variable length and complex instructions and generally make use of complex addressing modes. Different machine programs can be executed on CISC machine. Since CISC processors possess so many processing features, the job of machine language programmers becomes easier. But at the same time, they are complex as well as expensive to produce. Now-a-days, most of the personal computers use CISC processors	1 1/2
Reduced Instruction Set Computer (RISC): To execute each instruction, if there is separate electronic circuitry in the control unit, which produces all the necessary signals, this approach of the design of the control section of the processor is called RISC design. It is also called hard-wired approach. Examples of RISC processors: IBM RS6000, MC88100 processors etc. RISC processors use a small and limited number of instructions and mostly use hardwired control unit. These consume less power and are having high performance. RISC processors use simple addressing modes and RISC instruction is of uniform fixed length. Since RISC processors have a small instruction set, they place extra demand on programmers who must consider how to implement complex computations by combining simple instructions. However, RISC processors are faster, less complex and less expensive than CISC processors because of their simpler design.	1 1/2

Question 5

a. An e-cheque is an instrument where one person issues it to pay another person but there is no paper involved. Everything is electronic. An electronic cheque can be protected against any fraud by encoding sender's account number with the bank's public key thereby not revealing the sender's account number to the merchant. As with the SET protocol, digital certificates can be used to authenticate the payer, the payer's bank, and bank account. However, no such encoding of sender's account number is possible in case of paper cheque. E-cheque are faster and more convenient than paper cheque. It is environmentally friendly too. **(4 marks)**

b. Customer Relationship Management (CRM) may be defined as a business process in which client relationships; customer loyalty and brand value are built through marketing strategies and activities. CRM allows businesses to develop long-term relationships with established and new customers while helping modernize corporate performance. CRM incorporates commercial and client-specific strategies via employee training, marketing planning, relationship building and advertising. The main objective is to retain as much loyal customers as one can. **(2 marks)**
To accomplish with CRM, companies need to match products and campaigns to prospect elegantly the customer life cycle. CRM encompasses the function and responsibilities of those employees who directly work with customers. CRM establishes the benefits of generating customer loyalty, raising a market intelligence enterprise, and an integrated relationship. Preserving existing customers and providing enhanced services to accomplish the loyalty is expressed as CRM. CRM applications smoothen the progress to capture, consolidate, analysis, and enterprise -wide dissemination of data from existing and potential customers. CRM can be considered as an amalgamation of people, process and systems rather than just IT application. **(2 marks)**

Question 6

c. Supply Chain Management (SCM) is a chain that starts with customers and ends with customers. Supply Chain Management may be defined as the process of planning, implementing and controlling the operations of the supply chain with the purpose of satisfying the customer's requirement as efficiently as possible. Supply Chain spans all movement and storage of raw materials, Work-in-process, inventory and finished goods from the point of origin to the point of consumption. **(1 mark)**
The main components of SCM include the following:

(a) **Procurement/Purchasing:** This begins with the purchasing of parts, components, or services. Procurement must ensure that the right items are delivered in the exact quantities at the correct location on the specified time schedule at minimal cost. It must address the question of assurance that these suppliers will deliver as promised. **(1 mark)**

(b) Operations: The second major element of supply chain management system is operations. Having received raw materials, parts, components, assemblies, or services from suppliers, the firm must transform them and produce the products or the services that meet the needs of its consumers. It must conduct this transformation in an efficient and effective manner for the benefit of the supply chain management system. **(1 mark)**

(c) Distribution: The third element of the supply chain management system is distribution. Distribution involves several activities - transportation (logistics), warehousing, and customer

relationship management (CRM). The first and most obvious is logistics - the transportation of goods across the entire supply chain. **(1/2 mark)**

(d) Integration: The last element of supply chain management is the need for integration. It is critical that all participants in the service chain recognize the entirety of the service chain. The impact of the failure to adopt a syste m-wide perspective - that is, examining the totality of the chain can significantly increase costs and destroy value. **(1/2 mark)**

d. Mobile Computing: Mobile Computing, is the use of portable computing devices (such as laptop and handheld computers) in conjunction with mobile communications technologies to enable users to access the Internet and data on their home or work computers from anywhere in the world. It is enabled by use of mobile devices such as PDA, laptops, mobile phones, MP3 players, digital cameras, tablet PC and Palmtops on a wireless network. **(1 mark)**

Mobile computing involves Mobile Communication, Mobile Hardware and Mobile Software; which are described as under: **(3 marks)**

Mobile Communication: Mobile Communication refers to the infrastructure put in place to ensure seamless and reliable communication. These would include devices, Protocols, Services, Bandwidth and Portals necessary to facilitate and support the stated services. The data format is also defined at this stage. It incorporates all aspects of wireless communication.

Mobile Hardware: Mobile Hardware includes mobile devices or device components that receive or access the service of mobility. They would range from Portable laptops, Smart phones, Tablet PC's to Personal Digital Assistants capable of both way communication i.e. transmit as well receive capabilities.

Mobile Software: Mobile Software is the actual program that runs on the mobile hardware. It deals with the characteristics and requirements of mobile applications. This is the engine/operating system of that mobile device and an essential component

Question 6

a.

Some of the prominent characteristics of C/S architecture are as follows: ♦ Service: C/S provides a clean separation of function based on the idea of service. The server process is a provider of services and the client is a consumer of services. ♦ Shared Resources: A server can service many clients at the same time and regulate their access to the shared resources. ♦ Transparency of Location: C/S software usually masks the location of the server from the clients by redirecting the service calls when needed. ♦ Mix-and-Match: The ideal C/S software is independent of hardware or Operating System software platforms. ♦ Scalability: In a C/S environment, client workstations can either be added or removed and also the server load can be distributed across multiple servers. ♦ Integrity: The server code and server data is centrally managed, which results in cheaper maintenance and the guarding of shared data integrity. At the same time, the clients remain personal and independent.	3

Issues in Client/Server Network (i) When the server goes down or crashes, all the computers connected to it become unavailable to use. (ii) Simultaneous access to data and services by the user takes little more time for server to process the task.	1

b.

IS can support the four level of decisions which revolves around Strategy, Management, Knowledge and Operations. Information systems can be broadly classified in 4 types which are as follows:	
1. **Strategic-Level Systems**: For strategic managers to track and deal with strategic issues, assisting long-range planning. A principle area is tracking changes in the external conditions (market sector, employment levels, share prices, etc.) and matching these with the internal conditions of the organization.	1 1/2
2. **Management-Level Systems**: Used for the monitoring, controlling, decision-making, and administrative activities of middles management. Some of these systems deal with predictions or "what if…" type questions. e.g. "What would happen to our profits if the completion of the new production plant was delayed by 6 months?" Tracking current progress in accord with plans is another major function of systems at this level.	1 1/2
3. **Knowledge-Level Systems**: These systems support discovery, processing and storage of knowledge and data workers. These further control the flow of paper work and enable group working.	1
4. **Operational-Level Systems:** Support operational managers tracking elementary activities. These can include tracking customer orders, invoice tracking, etc. Operational level systems ensure that business procedures are followed.	1

Question 7
Short Notes (Answer any four)

a. Fibre Optics: This media consists of one or more hair-thin filaments of glass fibre wrapped in a protective jacket. Signals are converted to light form and fired by laser in bursts. Optical fibres can carry digital as well as analog signals and provides increased speed and greater carrying capacity than coaxial cable and twisted -pair lines. It is not affected by electromagnetic radiation and not susceptible to electronic noise and so it has much lower error rates than twisted-pair and coaxial cable. Fibre optic cables are easy to install since they are smaller and more flexible and can be used undersea for transatlantic use. Speed of communications is 10,000 times faster than that of microwave and satellite systems. Biggest disadvantages of using fibre optic cable are that installation can be difficult and costly to purchase. **(2 marks)**

b. Value Chain Automation: Value chain refers to separate activities which are necessary to strengthen an organization's strategies and are linked together both inside and outside the organization. It is defined as a chain of activities that a firm operating in a specific industry performs to deliver a valuable product or service for the market. Value Chain Analysis is a useful tool for working out how we can create the greatest possible value for our customers. IT helps us identify the ways in which we create value for our customer s and then helps us think through how we can maximize this value: whether through superb products, great services, or jobs well done.

For example: Value chain of a manufacturing organization comprises of Primary and Supportive activities. The primary ones are inclusive of inbound logistics, operations, outbound logistics, marketing and sales, and services. The supportive activities relate to procurement, human resource management, technology development and infrastructure. The six business functions of the value

chain are Research and development; Design of products, services, or processes; Production; Marketing and sales; Distribution and Customer service.

c. Hardware Virtualization: Hardware Virtualization refers to the creation of a virtual machine that acts like a real computer with an operating system. Software executed on these virtual machines is separated from the underlying hardware resources. For example, a computer that is running Microsoft Windows may host a virtual machine that looks like a

computer with the Linux operating system; based software that can be run on the virtual machine.

The basic idea of Hardware virtualization is to consolidate many small physical servers into one large physical server so that the processor can be used more effe ctively.

d. m-Commerce: M-commerce (mobile commerce) is the buying and selling of goods and services through wireless handheld devices such as cellular telephone and personal digital assistants (PDAs). Known as next-generation e-commerce, m-commerce enables users to access the Internet without needing to find a place to plug in. It involves new technologies, services and business models. In other words, it is about the explosion of applications and services that are becoming accessible from Internet-enabled mobile devices.

e. Principle of Least Privilege: This is a fundamental principle of information security, which refers to give only those privileges to a user account, which are essential to that user's work. Any other privileges, such as installing new software, should be blocked. The principle applies also to a personal computer user, who usually does work in a normal user account, and opens a privileged, password protected account (that is, a super user) only when the situation absolutely demands it. When applied to users, the terms Least User Access or Least-privileged User Account (LUA) are also used, referring to the concept that all user accounts always should run with as few privileges as possible, and launch applications with as few privileges as possible.

SECTION B: STRATEGIC MANAGEMENT

*Question No. **8** is compulsory*

*Answer any **five** questions from the rest.*

Question 1 (3 marks each)

(a) Bargaining power of suppliers: ABC Ltd. has managed to tie with its staff, who are the key suppliers to the organization. This reduces their power to leave and move to one of ABC's Ltd. rivals. Quite often suppliers, too, exercise considerable bargaining power over companies. The more specialised the offering from the supplier, greater is his clout. And, if the suppliers are also limited in number they stand a still better chance to exhibit their bargaining power. The bargaining power of suppliers determines the cost of raw materials and other inputs of the industry and, therefore, industry attractiveness and profitability.

(iv) Growth Stage: The second phase of PLC is growth stage. In the growth stage, the demand expands rapidly, prices fall, competition increases and market expands. The customer has knowledge about the product and shows interest in purchasing it. The product is still experiencing strong growth. This has been reduced as the large number of new competitors are entering. It has yet to reach maturity as it is still growing strongly.

(v) Backward vertical integration: Backward integration is a step towards, creation of effective supply by entering business of input providers. Strategy employed to expand profits and gain greater control over production of a product whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production (as in the case for XYZ).

(vi) Turnaround strategy: When firms are losing their grips over market, profits due to several internal and external factors, and if they have to survive under the competitive environment they have to identify danger signals as early as possible and undertake rectification steps immediately.

(vii) The changes in the environmental forces often require businesses to make modifications in their existing strategies and bring out new strategies. For initiating strategic change, three steps can be identified as under:

Recognize the need for change: The first step is to diagnose facets of the corporate culture that are strategy supportive or not. The idea is to determine where the lacuna lies and scope for change exists.

Create a shared vision to manage change: Objectives and vision of both individuals and organization should coincide. Senior managers need to constantly and consistently communicate the vision not only to inform but also to overcome resistance.

Institutionalize the change: Creating and sustaining a different attitude towards change is essential to ensure that the firm does not slip back into old ways of thinking or doing things. All these changes should be set up as a practice to be followed by the organization and be able to transfer from one level to another as a well settled practice.

Question 2

(a) (i) Incorrect: Every organization whether it is large or small requires strategic vision and mission statements. Organizations irrespective of their size face similar business environment and have to work through competition. Small organizations have to plan strategies for their survival in the market where large organizations are also present. **(2 Marks)**

(ii) Incorrect: Supply chain management is an extension of logistic management. Logistic management is related to planning, implementing and controlling the storage & movement of goods & services while supply chain management is much more than that. It is a tool of business transformation and involve delivering the right product at the right time to the right place and at the right price. **(2 Marks)**

(b) According to the ADL Matrix, the competitive position of a firm is based on an assessment of the following criteria:

Dominant: This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership.

Strong: By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors.

Favorable: This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom.

Tenable: Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market.

Weak: The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist.

(3 Marks, all points are compulsory)

Question 3

(a) For a new product pricing strategies for entering a market needs to be designed. In pricing a really new product at least three objectives must be kept in mind.

i. Making the product acceptable to the customers.

ii. Producing a reasonable margin over cost.

iii. Achieving a market that helps in developing market share.

(2 Marks)

For a new product an organization may either choose to skim or penetrate the market. In skimming prices are set at a very high level. The product is directed to those buyers who are relatively price insensitive but sensitive to the novelty of the new product.

(1 Mark)

For example call rates of mobile telephony were set very high initially. Even the incoming calls were charged. Since the initial off take of the product is low, high price, in a way, helps in rationing of supply in favour of those who can afford it.

(1/2 Mark)

In penetration pricing firm keeps a temptingly low price for a new product which itself is selling point. A very large number of the potential customers may be able to afford and willing to try the product.

(1/2 Mark)

(b) ERP stand for enterprise resource planning which is an IT based system linking isolated information centers across the organisation into an integrated enterprise wide structured functional and activity bases. **(1 Mark)**

ERP is successor to MRP systems (material requirements and manufacturing resource planning systems). ERP is used for strengthening the procurement and management of input factors. **(1 Mark)**

Modern ERP systems deliver end-to-end capabilities to support the entire performance management of an organisation. It helps in consolidated financial reporting, financial management, planning, budgeting, and performance management and so on **(1 Mark)**

Question 4

- Following are the areas on which the strategic planners concentrate to achieve the long term prosperity**: (1 mark each)**

Profitability: The ability of an organization to operate in the long run depends on achieving an adequate level of profits. These profits usually expressed in terms of earnings per share or return on equity.

Competitive position: The method of knowing the organization's success is based on the relative dominance of an organization in the market place. Organizations commonly establish an objective in terms of competitive position, using total sales or market place as measures of their competitive position.

Employee development: Providing employee value education and training leads to increased compensation and job security. Providing such opportunities often increases productivity and decreases turnover.

Public responsibility: Managers recognize their responsibilities towards their customers and to society at large. Many organizations work not only to develop reputations for fairly priced products and services but also to establish themselves as responsible corporate citizens.

(b) To analyse business portfolio the General Electric Company used a model which is also known as **Business Planning Matrix**, **GE Nine-Cell Matrix** and **GE Electric Model**.

The strategic planning approach in this model has been **inspired from traffic control lights.** The lights that are used at crossings to manage traffic are: green for go, amber or yellow for caution, and red for stop. This model uses two factors while taking strategic decisions: Business Strength and Market Attractiveness. The vertical axis indicates market attractiveness and the horizontal axis shows the business strength in the industry. **(2 Marks)**

Business Strength

Market	Strong	Average	Weak
High			
Medium			
Low			

Zone		Strategic Signals
Green		invest/ expand
Yellow		Select/ Earn
Red		Harvest/ Divest

If a product falls in the green section, the business is at advantageous position. To reap the benefits, the strategic decision can be to expand, to invest and grow. If a product is in the amber or yellow zone, it needs caution and managerial discretion is called for making the strategic choices. If a product is in the red zone, it will eventually lead to losses that would make things difficult for organisations. In such cases, the appropriate strategy should be retrenchment, divestment or liquidation. **(1 Mark)**

Question 5

(a) Concentric and conglomerate diversification are different forms of diversification with the following key differences:

1. Concentric diversification occurs when a firm adds related products or markets. On the other hand conglomerate diversification occurs when a firm diversifies into areas that are unrelated to its current line of business. **(2 Marks)**
2. In concentric diversification, the new business is linked to the existing businesses through process, technology or marketing. In conglomerate diversification, no such linkages exist; the new business/product is disjointed from the existing businesses/products. **(1 Mark)**
3. The most common reasons for pursuing a concentric diversification are that opportunities in a firm's existing line of business are available. However, common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited or opportunities outside are highly lucrative. **(1 Mark)**

(b) Market Development and product development are two different growth strategies. The following are the differences between these two: **(1 ½ mark for each point)**

Market Development	Product Development
1. Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for current company products.	1. Product development refers to a growth strategy where business aims to introduce new products into existing markets. It is a strategy for company growth by offering modified or new products to current markets.
2. Market development strategy may be achieved through new geographical markets, new product dimensions or packaging, new distribution channels or different pricing policies to attract different customers or create new market segments.	2. Product development strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

Question 6

(a) The benefits of cooperation are also seen in Japan, where large cooperative networks of businesses are known as *kieretsus*. These are formed in order to enhance the abilities of individual member businesses to compete in their respective industries. **(1 Mark)**

A *kieretsu* is a loosely-coupled group of companies, usually in related industries. *Kieretsu* members are peers and may own significant amounts of each other's stock and have many board members in common. . **(1 Mark)**

Kieretsus are different from conglomerates (common in western countries and also found in India) wherein all members are lineated through ownership pattern. A *kieretsu* also differs from a consortium or an association, as the primary purpose of a *kieretsu* is not to share information or agree industry standards, but to share purchasing, distribution or any other functions. . **(1 Mark)**

In *Kieretsu* members remain independent companies in their own right: the only strategy they have in common is to prefer to do business with other *kieretsu* members, both when buying and when selling. . **(1 Mark)**

(b) **Driving Forces:** Industry conditions change because there are external forces that are driving industry participants to modify their actions. Industry and competitive conditions change because forces are in motion that creates incentives or pressures for changes. **(1 Mark)**

The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment. Analyzing driving forces has two steps: identifying what the driving forces are and assessing the impact they will have on the industry. **(1 Mark)**

Many events can affect an industry powerfully enough to qualify as driving forces. Some are unique and specific to a particular industry situation, but many drivers of change fall into general category affecting different industries simultaneously. **(1 Mark)**

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