



## CA INTERMEDIATE

SUBJECT- EIS & SM

Test Code – CIM 8829

(Date :)

(Marks - 100)

TOPIC : FULL

### SECTION – A : ENTERPRISE INFORMATION SYSTEMS

#### Part I : Multiple Choice Questions

Total Marks : 15 Marks

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

XYZ Ltd. started as a small business company that in its early years ; sold homemade organic soaps, serums, face washes and creams. With time, the company added more beauty products in its list and grew as a big brand in the market. All the business processes of the company are automated and therefore all the related data is stored in various database tables are managed at the backend in database. The company hired more employees to promote and to sell its products across the country and initiated selling its products through online mode to reach customers worldwide. Hence, the company started e – Business through website and started receiving orders from worldwide customers.

To make optimal use and quick sharing of data, the company started keeping all its data on Google cloud. Now the marketing employees and salespersons of the company have readily available data related to inventory and online orders anywhere, anytime. Also, they can update their status and targets achieved on company's website instantly. Initially the company got 15GB free space on cloud, but in due course of time, the demand for the data storage increased so, it subscribed for more space on cloud. The company is satisfied with the cloud service as it isolates the company completely from server failures and needs to pay for only amount of storage it uses.

The company uses digital mode of payment for both the customers and suppliers and also uses modules of Enterprise Resource Planning system. The organization has some controls in the system that restricts unauthorized entry into the premises. Some controls also have been designed to detect errors, omissions and malicious act occurrence and report that occurrence. The company also appointed an IS auditor to ensure the completeness, accuracy and validity of data.

One day, IT Manager of the company observed that while accessing the home page of company's website; some pornographic content was displayed on its home page. The manager informed the management of the company which in turn reported about this to cyber security cell. On investigation, it was found that Mr. A, a team member of IT Department, intentionally hosted the objectionable content on the company's website and also concealed some important information.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. No. 1.1 to 1.5**

- 1.1 Google cloud frees XYZ Ltd. completely from the issues related to server in terms of its maintenance, failure storage capacity etc. Which of the following feature of cloud computing does it represent ?
- (a) Virtualization
  - (b) Reliability
  - (c) Resiliency
  - (d) Scalability
- 1.2 In purview of above case scenario, identify the kind of cyber – attack faced by XYZ Ltd.
- (a) Web defacement
  - (b) Denial of service
  - (c) Cyber Pornography
  - (d) Virus
- 1.3 According to the case scenario, what could be the main objective for which an IS auditor has been appointed by XYZ Ltd. ?
- (a) Asset Safeguarding
  - (b) Data Integrity
  - (c) System Efficiency
  - (d) System Effectiveness
- 1.4 XYZ Ltd. uses Enterprise Resource Planning system which integrates all the modules with Financial and Accounting System of the organization. Which of following point is not valid with the integration of modules ?
- (a) Master data across all the modules must be same and must be shared with other modules whenever required.
  - (b) Common transactions must be shared with other modules whenever required.
  - (c) There is no need of separate voucher types to be used for each module.
  - (d) Figures and transaction may flow across the department.
- 1.5 In purview of above case scenario, under which section of Information Technology Act 2000, is Mr. A punishable ?
- (a) Section 65
  - (b) Section 66B
  - (c) Section 66C
  - (d) Section 66D

**(5 × 2 = 10 MARKS)**

**Question Nos. 1 to 5 carries 1 mark each.**

1. Big Data has captured the attention of Businesses for its processing power to analyse the data for many benefits that it provides. Below are mentioned some of its benefits, except one. Identify it.
  - (a) Access to social data from search Engine.
  - (b) Early Identification of risk to the services.
  - (c) Big data can be used to read and evaluate consumers' response.
  - (d) Increases computational power of application software.
  
2. ABC Company started using SAP as application software for its HR and Accounting department. Which of the following layer of the software carries the instruction and processes them using data stored in database ?
  - (a) The Database Layer
  - (b) The Application Layer
  - (c) The Operating System Layer
  - (d) The Network Layer
  
3. Mr. Rajiv, a software developer installed application software for attendance system of employees in Raj and sons Ltd. During the briefing session about it, he made certain statements mentioned below. Out of these, choose the statement that is true for Installed software application.
  - (a) It is installed on the hard disc of the computer of the user.
  - (b) The access of the application is dependent on the speed of the internet.
  - (c) The user has full physical control over the data.
  - (d) Installed applications cannot be used from any other stand – alone computer.
  
4. Depending on the size, nature of work and complexity involved in the processes of an organization; business processes are often broken up into different categories – Primary, Secondary and Management processes. Which one of the following falls under the purview of Primary Processes ?
  - (a) Deals with legal compliance
  - (b) Deals with the core business and value chain
  - (c) Deals with core processes and functions within an organization
  - (d) Deals with measuring, monitoring and control activities
  
5. Mr. Y has a savings account with S & N Bank. He used Internet banking services of the bank first time with the login id and password as provided by the bank to him. Immediately after the first login, he changed his password. Which of the following server would store Mr. Y's password for further logins ?

- (a) Web Server
- (b) Application Server
- (c) Internet Server
- (d) Internet Banking Channel Server

**(5 × 1 = 5 MARKS)**

**Part II : DESCRIPTIVE Questions**

**Total Marks : 35**

**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 analysing, 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 grocer 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)**

**(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)**

## **SECTION – B STRATEGIC MANAGEMENT**

**Maximum Marks – 50**

**Question 1 and 2 are compulsory.**

**Attempt any three questions out of remaining four questions.**

### **Case Scenario**

In the seventh decade of last century the Banerjee Tasty Teas Ltd. (BTTL), engaged in tea plantations in Assam and Darjeeling for more than two decades, began selling packaged tea under the brand name “Mitra” and “Dost”. At the time they had around 32 per cent of market share in the packaged tea segment that was growing rapidly. Their next competitor had 18 per cent share. In the middle of eighth decade the company launched a chain of eateries selling teas and branded it as “Prakriti”. They brewed tea in these eateries by adding goodness of adrak, tulsi and other natural ingredients. Their products were positioned as natural Indian tea with ayurvedic ingredients having health benefit. They positioned it as masala chai clinically proven to enhance immunity and gave a tag line, “Dadi Maa Ke Gharelu Nuskhe”. It soon became the favourite chain of eateries, selling India’s popular beverage, tea.

In early nineties when liberalization favoured entry of Multinationals in diverse sectors, who companies with their headquarters in USA – Galaxly and Foodtle, leading consumer goods company entered Indian market. The two companies respectively held two major global brands of teas Krypton Breakfast Tea and Argon Grey Tea. Both the global players with their vast pool of financial and other resources, knowledge of multiple markets and experienced professionals were expected to rewrite the history of the Indian Tea business.

BTTL concerned about their future engaged a leading management consultant to take advice on the future course of action. The management consultants after a thorough study and survey in four largest metropolitan cities advised BTTL to exit the market and encash their goodwill. The consultants felt that it would be difficult for BTTL to survive in the tea business in India with the might of new competitors having abundant resources.

The BTTL engaged with the two global companies and sold their packaged tea business to Galaxly in the year 1995 with a non – compete clause for 20 years. The brands “Mitra” and “Dost” became property of Galaxly. BTTP retained the eateries and “Prakriti” brand. Galaxly got an edge over Foodtle in Indian Market with instant access to the distribution network. In late 1990’s Galaxly reduced production of “Mitra” and “Dost” and focussed to sell their own brands. However, both the new entrants struggled to sell their products in India. Galaxly changed back its focus to “Mitra” and “Dost” in the middle of last decade of the previous century and started gaining edge over Foodtle. In the beginning of new century Galaxly had a market share of 21 per cent and Foodtle had a market share of 13 per cent. There were many other big and small brands that controlled the remaining share.

When the Indian tea market was witnessing a high – profile tussle between the global giants, Prakriti gained popularity among domestic consumers and increased the number of outlets to 163 located in 78 cities. BTTL riding high on the success of their Prakriti outlets, diversified into the fruit – flavoured beverages segment, with aims to garner significant share in the Indian fruit beverages market. The company launched the brand ‘Asli Bursts’, and started selling packaged juices in three flavours – mixed fruit, green apple and tangy orange. In the year 2010 the business expanded with the launch of 100% natural Tender Coconut Water. As a result, it became the country’s largest health and nutritious drink brand with variety of products under its umbrella. Over time the management of BTTL also changed and is now controlled by the next generation. The new generation, nostalgic about their first product re – entered packaged tea business in the year 2015 with the brand ‘swad’. They pursued to cater to broad markets by reducing costs in the areas of procurement, storage and distribution of teas and selling it at attractive prices. However, five years have passed ; the brand ‘swad’ is not able to garner any significant foothold in Indian packaged Tea Market.

**Based on the above case scenario, answer the multiple choice questions.**

- 1.1 In the 1970’s what was the position of BTTL in BCG matrix ?
- (a) Stars
  - (b) Cash cows
  - (c) Question marks
  - (d) Dogs
- 1.2 Which of the following are not strength of Galaxly in India in the year 1994 ?
- i. Financial resources
  - ii. Krypton breakfast tea brand
  - iii. Strong distribution channel
- (a) ii
  - (b) iii
  - (c) ii and iii
  - (d) i,ii and iii
- 1.3 What is the Micheal Porter business level strategy for the brand ‘Swad’ ?
- (a) Cost leadership
  - (b) Differentiation
  - (c) Focussed cost leadership
  - (d) Focussed differentiation
- 1.4 Entry of BTTL in coconut water is :
- (a) Market entry
  - (b) Market development
  - (c) Market penetration
  - (d) Product development
- 1.5 Entry of BTTL in eateries with brand name Prakriti is :
- (a) Vertically integrated diversification
  - (b) Horizontally integrated diversification
  - (c) Concentric diversification
  - (d) Conglomerate diversification

**(5 × 1 = 5 MARKS)**

## GENERAL MCQS

1. Which strategy is implemented after the failure of turnaround strategy ?
  - (a) Expansion strategy
  - (b) Diversification strategy
  - (c) Divestment strategy
  - (d) Growth strategy

**(1 MARKS)**
  
2. In which phase of strategic management are annual objectives especially important ?
  - (a) Formulation
  - (b) Control
  - (c) Evaluation
  - (d) Implementation

**(1 MARKS)**
  
3. Which of the following statement's is true ?
  - (a) Business policy is for small companies and strategy is for big companies.
  - (b) Policy is a subset of strategy.
  - (c) Policy is made by corporate managers and strategy is made by business level managers.
  - (d) Policy talks about what do, and strategy talks about how to do.

**(1 MARKS)**
  
4. General public is discerning from buying air conditioning units based on the Health Ministry guidelines regarding emergence of a contagious viral pandemic. Consequently, Nebula Pvt. Ltd., a manufacturer of evaporation coils used in air conditioning units has faced significant loss in working capital due to sharp fall in demand. The company conducted financial assessment and developed a workable action plan based on short and long term financial needs. But for immediate needs, an emergency plan has been implemented. It includes selling scrap, asset liquidation and overheads cost reduction. Further, to avoid any such untoward event in future, they plan to diversify into newer business areas along with its core business. Identify the strategy opted by M/s. Nebula Pvt. Ltd. ?
  - (a) Retrenchment strategy
  - (b) Liquidation strategy
  - (c) Turnaround strategy
  - (d) Divestment strategy

**(2 MARKS)**
  
5. T Ltd. is a Delhi based super market, which has grown from a position where 30 years ago it had a revenue of around Rs. 50 crores p.a. to a position today where revenue exceeds Rs. 5000 crores p.a. and profit exceed Rs. 1000 crores p.a. It has achieved this growth through a combination of strategies many of which can be plotted on to the Ansoff matrix ?

	Existing products	New Products
Existing markets	A	C
New markets	B	D

(i) Expansion into clothing and electrical sales

(ii) 24 – hour opening

(iii) Selling its products on internet

(iv) Overseas expansion

(a) A – (ii) D – (ii) B – (iii) C – (iv)

(b) B – (i) C – (ii) A – (iii) D – (iv)

(c) C – (i), A – (ii) D – (iii) B – (iv)

(d) D – (i) B – (ii) C – (iii) A – (iv)

**(2 MARKS)**

6. Ever Grand Group is a diversified company active in a wide range of business lines, including Financial Services, Fertilizers, Information Technology enabled Services (ITeS), FMCG and Real Estate. The Board of Directors understand the need of the hour and are determined to further develop the ITeS business, whereby they want better allocation of human resources and provision of industry – best customer services. To achieve the same, they have suggested implementation of specific business strategies but the managers are facing difficulties in allocating the responsibility for implementation of the business strategy amongst them. You being a management expert, indicate the appropriate persons responsible for translating general statements and business strategies pertaining to the ITeS strategic business unit (SBU) and ensure a smooth implantation.

(a) Corporate level managers

(b) Functional level managers

(c) General level managers

(d) Business level managers

**(2 MARKS)**

7. Suppliers can command bargaining power over a firm when :

1. The products are crucial to the buyer

2. Large number of substitutes are available.

3. Suppliers erect high switching costs

4. Suppliers are more concentrated than their buyers.

All above explain the reasons except :

(a) (1)

(b) (2)

(c) (3)

(d) (4)

**(1 MARKS)**



## DESCRIPTIVE PART

- 2.** Delta Co. is an organization specializing in Information Technology enabled Service (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)**

