

DEPARTMENT OF COMPUTER SCIENCE
University of Toronto

CSC454/2527S: **The Business of Software**
January-April 2000

28 February 2000, 7:10-7:55 p.m. (45 minutes)

MIDTERM TEST

CLOSED BOOK, CLOSED COURSE NOTES

Write all your work in this booklet (8 pages in total).

NAME _____

STUDENT # _____

SCORE _____ OUT OF 70 POINTS

Answer the following questions, based on the course notes, readings, lectures, and visitor presentations.

Your answers to questions 8 and 9 should be as terse and crisp as possible. If you can't say it succinctly, excess verbiage won't help. In fact, it will hurt.

There are nine (9) questions. **Do not spend too much time on any one question.**

Good luck.

1) (12 points) Consider the following concepts:

- A) Barriers to entry
- B) Competitive edge
- C) Proprietary technology
- D) Market niche
- E) Market share
- F) Market window

For each of the following phrases, indicate which concept, if any, it illustrates, illuminates, or typifies **best**. In other words, in each row you must **circle the word** “None” or at most one of the capital letters.

- | | | | | | | | |
|--|---|---|---|---|---|---|------|
| a) Cash is king. | A | B | C | D | E | F | None |
| b) Timing is everything. | A | B | C | D | E | F | None |
| c) You must have a narrow focus. | A | B | C | D | E | F | None |
| d) Strong management is essential. | A | B | C | D | E | F | None |
| e) They've got a lock on the market. | A | B | C | D | E | F | None |
| f) They're awesome wizards. | A | B | C | D | E | F | None |
| g) The software has patent protection. | A | B | C | D | E | F | None |
| h) Another portal raises \$50 million | A | B | C | D | E | F | None |

2) (6 points) Recall Ron DeCarlantonio of Inago and his presentation on his new NetPeople concept. Which of the following statements would he be likely to make if he were describing his business in terms of the concepts of “positioning”, “differentiation”, “vertical market”, and “market segment”? **Circle the letters** before all those statements that he would be likely to make.

- a) Our technology is the least resource-intensive method for helping users on electronic commerce Web sites.
- b) Compared to traditional methods of helping users on electronic commerce Web sites, Net People will be more effective and more dramatic.
- c) Compared to helping users on electronic commerce Web sites by linking them to a live sales agent, Net People will be more cost-effective.
- d) NetPeople is the most exciting application of 3D graphics and artificial intelligence on the market today.
- e) NetPeople is horizontal technology relevant to all markets in which humans interact with Web sites. It would therefore be a mistake to concentrate for a while on one particular industry or application of our technology.
- f) The Gap would be an ideal “showcase client”.

3) (6 points) Assume that USWeb/CKS is trying to apply Silver’s Law of Venture Capital to explain its merger and acquisition strategy. **Circle the letters** before all of the following possible explanations for the strategy that can be justified by Silver’s Law.

- a) Increased size of problem
- b) Increased level of solution elegance
- c) Increased quality of entrepreneurial team
- d) Filling in a missing link in the solution they can offer the marketplace
- e) Greater revenues
- f) More employees

4) (6 points) Guest lecturer Lillian Blume described a number of groupwork problems that had been observed in past computer science classes taught by Prof. Baecker. **Circle the letters** before all the problems that she discussed.

- a) One person becoming the leader
- b) Difficulty contacting group members
- c) Too much brainstorming
- d) Some individuals not doing what they promised
- e) Division of labour being required
- f) Some individuals becoming defensive when given feedback

5) (8 points) In one of the readings, Patricia Seybold asserts that there are reasons why amazon.com has become so successful. **Circle the letters** before all the reasons that she proposes.

- a) It offers its patrons a wide selection of books and great coffee.
- b) It ensures that the total customer experience is satisfying.
- c) For 3 years after its formation, it was the only virtual bookstore on the Web.
- d) It focuses on hunting, or searching, for particular books, trying not to compete for potential purchasers who want to browse for books.
- e) It provides customers rapid feedback about the status of their orders and their shipments.
- f) It ships books to customers to arrive the same day.
- g) It uses its data on who buys which books to provide useful information to other book buyers.
- h) It developed a pricing model to ensure profitability in its second year.

- 6) (4 points) In a recent lecture, we spoke of basing software businesses on services, products, and/or content. **Circle the letters** before all of the statements below that Prof. Baecker would agree with.
- a) You need to make a choice among these three ways of building a business, because you cannot simultaneously sell service, product and content.
 - b) Product companies can add value and by selling support and training.
 - c) Productizing routine service offerings would be represent a regrettable loss of focus for a service company.
 - d) Dot.com's are primarily vehicles for the sale of products, as opposed to services or content.
- 7) (8 points) For each of the following achievements by a software company, indicate whether they are:
- A) Primarily evidence of a market for a technology or service
 - B) Primarily evidence of user benefit for a technology or service; or
 - Neither) Neither

In each row you must **circle the word** "Neither" or **at most one** of the two capital letters.

- | | | | |
|---|---|---|---------|
| a) Purchases by customers | A | B | Neither |
| b) Testimonials by long-term customers | A | B | Neither |
| c) Positive reviews in trade magazine | A | B | Neither |
| d) The raising of \$20M by a competitor | A | B | Neither |
| e) Measured efficiency improvements by a customer | A | B | Neither |
| f) Twice as many features as a competitor | A | B | Neither |
| g) Promising interviews with potential customers | A | B | Neither |
| h) Evidence that your product is reliable | A | B | Neither |

8) (10 points) In **brief phrases of 1 to 5 words each**, list Drucker's 7 sources of innovative opportunity:

a)

b)

c)

d)

e)

f)

g)

9) (10 points) In two of our textbooks, Rich and Gumpert speak of “investor turn-offs”, and Bell (with McNamara) speak of “unrealistic plans”, but they are talking about similar concepts. In **brief phrases of 1 to 5 words** each, list 7 different features or characteristics of unrealistic plans cited by these authors that will likely turn off potential investors:

a)

b)

c)

d)

e)

f)

g)

EXTRA SPACE FOR WRITING.....

THIS IS THE END OF THE EXAM.

PLEASE CHECK YOUR WORK.