<PGDM -DM, 2018 -20 Batch>

IT Consultancy and Business Development

<DM-556>

Trimester – V, End-Term Examination: December 2019

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: ____________

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered	3*10	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A Answer all Three question (Alternative is given for each question) 10X3

Question 1. As IT Consultant you have to explain the modified Venktraman Model of IT led Business Transformation to a CEO of a prominent company (of your choice) Identify at what stage they are and give recommendation of how can they move to the next steps . (CILO1)

OR Alternate to above

Explain the key processes of an IT services Company by drawing a suitable diagram. How can a retail organization can use Business and IT alignment model to improve its performance? (CILO1)

Question 2. Using 5 E framework explain the capabilities and skills required for a business Development function. Using a metaphor of mountaineer (Sherpa) explain the role. (CILO2)

OR Alternate to above

Explain with a suitable diagram various stages of a consulting Process. What are the outputs produced at every stage? Using Bicycle as maatphor explain various pars of consulting function. (CILO2)

Question 3 Based on the following data calculate the price of a consulting proposal.

--Engagement Duration 3 months , 5 working days
--Resources deployed 2 Associate consultant (100%). One Managing consultant (50%), One Principal (10%) of time .
--Billing Rate/day : Associate consultant (400),Managing consultant (600), Principal (1000) (all in $)
-- Contingency 10% , Profit 20 %, Make suitable assumptions for number of days.

What other charges would you like to bill on actuals to the client?

Or Alternate

Explain the key consulting or technology Trends based on the article assigned to the group in about 250 words. Draw suitable diagram where ever applicable.

Section B Answer both question based on the case study given below (10X2)

Question 4. What are the key issues and opportunities presented in the new paper report?
Question 5. The CEO of a leading Auto company wants you to identify opportunities using emerging technology increasing the revenue of the firm. Please give your recommendations.

Case The worst of times for India's auto sector
Parvatha Vardhini C Published on August 27, 2019 Hindu Business line

The past year has been tough for India's auto industry, with falling sales and piling inventory. Bouncing back from the blues of demonetisation and GST, the industry did well to close 2017-18 with a double-digit volume growth: 14.2 per cent (year-on-year). But the joy ride was to hit a bump pretty soon. Into 2018-19, the growth seen in the initial months slowed to single digit towards the middle of the year and rapidly lapsed into a drop in volumes as the year drew to a close, so much so that companies were forced to cut production.

Matters have taken a turn for the worse this fiscal, with volumes for April-July 2019 plunging 13.9 per cent. Though the finance minister announced a stimulus package for the industry late last week, the moves at best assuage the negative sentiments and may not change things on the ground immediately. After the good-run in April-June 2018, rising fuel costs pinched pockets of consumers. Crude oil prices inched up sharply in 2018, to touch $86 a barrel in early October 2018. Patchy monsoons and crash in farm prices dented rural sales. Rural demand — which was until then growing at a faster rate than urban — slowed, affecting car and two-wheeler sales. Commercial vehicle sales began feeling the heat due to two reasons: one, quicker turnaround times after GST and two, the permission to carry higher loads for existing vehicles.

In July/August 2018, the government increased the axle load limit for all trucks. As per CRISIL estimates, this move resulted in the increase in the freight capacity of the entire population of trucks operational in India by 20-25 per cent, equivalent to three years of incremental freight demand.

Problems in financing vehicle buys and rise in vehicle prices added to the trouble. Following the defaults made by IL&FS and its group entities on repayment of dues and the fraud that was unravelled, non-bank finance companies ran short on liquidity as access to credit became difficult. Hence, onward lending to borrowers was affected. Information available in the public domain suggests that about 60 per cent of commercial vehicle sales, 70 per cent of two-wheeler sales and 30 per cent of car sales are financed by NBFCs.

The insurance regulator increased the mandatory third-party cover to three years for cars and five years for two-wheelers, thereby pushing up the upfront cost when buying a vehicle. Stricter safety norms also increased price of vehicles.

From April 1 2019, anti-lock braking systems/combined braking system (ABS/CBS) was made compulsory for cars and two-wheelers.Amidst this, new-vehicle registration fee was also proposed to be hiked steeply, from ₹50 to ₹1,000 for two-wheelers and from ₹600 to ₹5,000 for cars, for example, dampening sentiments.

It was the festival season of last year that proved to be the beginning of the downtrend. Dealers who usually load up on inventory to meet the festival season demand saw limited offtakes, and were left with piles of unsold stock, as dispatches from manufacturers continued in the hope of a revival.

Estimates of the Federation of Automobile Dealers Associations (FADA), by February 2019, show inventory levels touched a peak 50-60 days for passenger vehicles, 80-90 days for two-wheelers and 45-50 days for commercial vehicles. This was a far cry from the ideal level of three weeks or 21 days inventory that is advocated by the body. It hence necessitated production cuts from manufacturers and retrenchment of labour to cut costs.

Barring cars, the inventory levels for two-wheelers and commercial vehicles continue to be high even today. As of July 2019, average inventory for passenger vehicles came down 25-30 days, thanks to production cuts and lower dispatches to dealers. However, average inventory for two-wheelers still ranges from 60-65 days and for CVs, from 55-60 days.

According to reports, vehicle Manufacturers such as Mahindra & Mahindra, Maruti Suzuki, Tata Motors, Ashok Leyland, Toyota and Hero MotoCorp have all had plant closures for a few days in recent months. Component manufacturers such as Bosch, Wabco and Jamna Auto have also followed suit. FADA's online survey among its members last month revealed that two-thirds of the dealers rated the sentiments in the industry as bad. About 55 per cent of them also said that liquidity scenario was bad.

To help the industry come out of its woes, the Finance Minister announced a stimulus package last Friday. Some of the moves may help banks/NBFCs to increase disbursements and lower borrowing costs to consumers/ auto dealers to an extent.

Other moves such as the higher depreciation rate for cars bought until March 31, 2020 which are not applicable for the salaried class or personal car buyers or the lifting of the ban for government procurement of cars may not make a significant impact, given the limited volumes involved. In any case, going by FADA, inventory pile-up seems more of a problem for two-wheelers and CVs now, than cars.

The announcement on BS IV vehicles purchased until March 31, 2020 to be allowed to be operational for entire period of registration is only a clarification. The deadline to stop selling BS IV vehicles, which are cheaper than BS VI vehicles, still stands at March 31, 2020, which complicates inventory management. While the proposed hike in registration fee for vehicles has been deferred till June 2020, it does not help in reducing the transaction cost.

With the monsoon reviving, this year's festival season holds out some hope. What could have made a difference is a reduction in GST rates across vehicle categories as well as the announcement of a scrappage scheme for CVs. In the past, the government has resorted to excise duty cuts to boost the auto industry during a slowdown, 2008 and 2014 being examples.

The scrappage scheme has been in the works since 2015 and the last we heard was that it would be implemented in 2020 and that too, be made applicable to only vehicles over 20 years old (which limits the eligible number for scrappage incentives). But the fiscal situation cramps options.

(Published on August 27, 2019 Hindu Business Line)