

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION PAPER
JULY, 2017

TITLE OF PAPER : STRATEGIC INFORMATION SYSTEMS

COURSE CODE : BA 502 IDE/ 402 FULL TIME

TIME ALLOWED : THREE (3) HOURS

- INSTRUCTIONS:**
- 1. THE NUMBER OF QUESTIONS IN THIS PAPER FIVE (5)**
 - 2. SECTION A IS COMPULSORY.**
 - 3. ANSWER ANY TWO (2) QUESTIONS IN SECTION B**
 - 4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONGSIDE THE QUESTION.**

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AS WELL AS FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION B

Answer any two questions

Question 1

IT has become central to designing and evolving a company's business model and value proposition. Discuss the impact of IT along **two** dimensions of business model performance
25 marks

Question 2

Discuss the principles that promote effectiveness in designing and implementing an IT governance initiative.
25 marks

Question 3

Organisation A which is a Law firm has E2,000, 000 for operations and has been given a project of E1,000,000 to manage a project which is IT related. Organisation B which is an IT company has E250, 000 for operations has been given a project of E500, 000 also IT related. What should each of the companies consider when handling the projects they have been given. 25 marks

SECTION A

EXPORT WITH CONFIDENCE

The products of Fairchild Semiconductor are installed in a large array of items, from satellites and motor vehicles to cell phones, medical devices, and home appliances. The company is a world leader in design and manufacturing of microprocessors that control power.

It calls itself the Power Franchise. The company has manufacturing facilities in the United States, South Korea, China, Malaysia, Singapore, and the Philippines, and 36 offices in 17 countries. It sees the entire world as its market. Fairchild ships more than 17 billion units of products annually. Some products are shipped to as few as 6 countries, while others are shipped to as many as 45 countries.

The microchips are designed in the United States and South Korea. Manufacturing starts in the United States. Then, the chips are sent to plants in Asia for assembly and testing.

The products are then shipped to customers around the globe. Customers can order products online at the company's web site. Over the past decade Fairchild established additional design and manufacturing facilities in Korea and China. With facilities as well as customers in a growing number of countries, complying with both U.S and other countries export and import laws became complex. Work-in-progress is often shipped from one country to another, and then to other or back to the original country for further processing. Logistics managers decided to use the services of a company that specializes in software that helps manage such complex operations.

Fairchild approached NextLinx, a company with expertise in software that supports online logistics. Together, the companies configured and implement NextLinx software called Trade Export Solution, which automates Fairchild's global logistics. The software provides information on laws and regulations of each country where Fairchild transacts, as well as customs duties. For each shipment it figures out the fastest and least costly carriers as well as the minimum duties to be paid.

The application provides digital forms that enable employees to enter details on content, value and destination of shipment. The various costs are calculated automatically for the country and particular seaport or airport. The system ensures full compliance with the country's regulations. In recent years, many new regulations have had to do not with economics but with homeland security. They may forbid the export of certain types of microchips to some countries or the export of certain items from some countries.

All this information is closely monitored by NextLinx and added to the documentation and automated forms. The software has been implemented in every facility of the company in the world. It is integrated into Fairchild's enterprise resource planning (ERP) systems as well as into the shipment application of its major shipping carrier. Shipping clerks can check easily retrievable trade documentation and be sure that all shipping complies with the destination country's regulations.

This saves the typical labour-intensive search for trade compliance documentation. This helps the company to clear 90 per cent of its shipments with the proper authorities before the shipment reaches the destination country. The system also shortened shipping durations and reduced shipping delays. As a result, Fairchild could reduce the amount of raw materials inventory it carries.

The use of the new system reduced the number of employees involved in shipping processes, but it also had another positive effect. It standardized shipping procedures and records worldwide. The same shipping procedures and records are maintained at every facility of the company, anywhere in the world. This enables the company to easily implement the procedures and documentation in new facilities it might establish in the future.

QUESTIONS

1. The software Fairchild integrated into its ERP system reduces risk. What risk? And discuss the advantages of the risk – 10 marks
2. The software saves costs. What costs? – 10 marks
3. Why is it important to integrate an application such as NextLinx's to the ERP system of the adopting global company? – 15 marks
4. Why is standardization of processes so important to a company such as Fairchild? – 15 marks