T-76.640 Software Business – exam
December 20th, 2005 9:00-12:00, halls T1 and T2

Name   : _____

Student ID   : _____   Department: _____

Multiple choice	
Term 1	
Term 2	
Term 3	
Term 4	
Term 5	
Term 6	
Essay 1	
Essay2	
Total	
Grade	

READ and FOLLOW the instructions below.

The exam has four parts:
1) Feedback for the exam, page 2
2) Multiple choice questions, pages 3-7
3) Term explanations, page 8
4) Essay questions, pages 9-12

You may answer in English or Finnish. Only answers written on the area reserved for answering are graded. Keep the answers short and simple.

The detailed instructions for each part are:

1) Feedback for the exam:
You do not receive any points from this part, but you have to fill in the feedback part. Failing to do so will lead to failing the exam.

2) Multiple choice questions (15 questions, à 2 points, $0 \leq score \leq 30$):
Please pick one of the alternatives. You will receive 2 points for the right answer and 0 points for a wrong or missing answer.

3) Term explanations (6 terms, à -2...2 points, $-12 \leq score \leq 12$):
Please explain the terms briefly and concisely. For each correct answer you will receive 2 points. For a completely wrong answer you will obtain -2 points. Leaving the question unanswered leads to 0 points.

4) Essay assignment (2 questions, à 12 points, ($0 \leq score \leq 24$):
The essay should be structured and precise. Bad structure and too broad or too long text leads to reduced points.

Conducting the essay assignment: i) read and understand the question, ii) plan the structure of your essay, iii) write your essay with full logical sentences on this paper, iv) read the essay and make sure that you answered all parts of the assignment.

Feedback for the exam

The exam was too difficult

Totally disagree	Disagree	Somewhat disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

I was expecting this level of difficulty

Totally disagree	Disagree	Somewhat Disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

The exam covered the most essential aspects of the course

Totally disagree	Disagree	Somewhat Disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

The structure and scoring of the exam was fair

Totally disagree	Disagree	Somewhat Disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

I am well prepared for the exam

Totally disagree	Disagree	Somewhat Disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

The exam supported my learning

Totally disagree	Disagree	Somewhat Disagree	Don't agree or disagree	Somewhat agree	Agree	Totally agree
☐	☐	☐	☐	☐	☐	☐

Multiple choice questions

Question 1, Software business in Finland: Which one of the following is correct?

☐ The product is the most important success factor in internationalization.

☐ According to the lecturer, the internationalization level of the Finnish software companies is good.

☐ At the time of the lecture and given the statistics presented, the growth of software business was expected to increase from 2003 to 2004.

Question 2, Operations in software business: According to the lecturer, which one of the following is <u>not</u> correct?

☐ Modern manager's dilemma refers to inability of the manager to fully understand the technology

☐ People are the most important asset of a software company.

☐ Software process and technology portfolio are the key factors to succeed in software business.

Question 3, Strategic planning in software business: Which one of the following is <u>not</u> correct?

☐ The types of values are core, aspirational, permission-to-play, and accidental.

☐ Vision is a state where the company wants to be and a rough level plan on how to get there.

☐ Mission is a concise statement of the purpose of the organization.

Question 4, Strategic planning in software business: According to the model of strategic planning presented by Kontio, which one of the following is not correct?

☐ Strategic planning is an iterative process.

☐ Resources include position of the company in the environment.

☐ Deployment of the strategy is the last part of strategy process.

Question 5, Growth in software business: Which one of the following is not correct?

☐ Growth is essential to succeed and survive in software business.

☐ Approximately only one of ten software companies can sustain growth.

☐ Diversification is a good way to grow in start-up phase.

Question 6, Growth in software business: Which one of the following is not correct:

☐ Economies of scale refer to the ability to sell more because of bigger product offering.

☐ If you do not grow in your market, someone else will.

☐ Owners' commitment is critical for successful growth.

Question 7, Product conceptualization and market definition: Which one of the following is correct:

☐ Marketing is a process of getting your customers to buy your product after it has been developed.

☐ Prototyping is often part of product concept development.

☐ Market identification follows product concept development.

Question 8, Products vs. services: Which of the following is correct?

☐ The product based business models have significant economies of scope.

☐ The product based business models are vulnerable to commoditization.

☐ Product development that is funded with external money is less efficient than product development funded by revenues.

Question 9, Obtaining and preparing for external funding: Which one of the following is not correct?

☐ Investors look for a business case, management team competence, and growth opportunities.

☐ Smart money means that the investor invests his own skills into the company.

☐ Business angels or venture capitalists often provide the first external funding for a Finnish software company.

Question 10, IPRs and contracts: Which one of the following is correct?

☐ GPL license forfeits copyright to public.

☐ Copyright is transferred with ownership.

☐ Copyright applies everywhere.

Question 11, The Business of Software: Which one of the following is not correct?

☐ Platform dominance is driven by bandwagon effect.

☐ Whole product solution is often needed for "crossing the chasm".

☐ A company cannot be complementor and competitor at the same time.

Question 12, Marketing software: Which of the following is not correct?

☐ Sales channels for consumer and enterprise software are usually not overlapping.

☐ Bargaining power of customers is more important in consumer business than when selling to other companies.

☐ Software products usually have a strong lock-in.

Question 13, Financing a software company: Which of the following is correct?

☐ Cash flow analysis is the most important financial tool for start-up companies.

☐ Financing the company can be independent from overall strategy.

☐ Valuation should be used as basis for financial planning.

Question 14, Cooperation in software industry: Which one of the following is correct?

☐ Open standards define how software should be implemented.

☐ Standards increase customer lock-in.

☐ De facto standard is less binding than de jure standard.

Question 15, Pricing of software: Which of the following is not correct?

☐ Software products should be priced by cost pricing.

☐ The pricing model is a part of the business model and the pricing strategy a part of the business strategy.

☐ The pricing decision tree consists of offering, marketing, sales channel, and pricing model.

Term explanations

Question 16. Define positive feedback (in market).

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Question 17. Define venture capital.

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Question 18. Define economies of scale

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Question 19. Define product based service-business model.

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Question 20. Define innovation.

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Question 21. Define productization.

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Essays

Question 22. Discuss management team of software start-up. Include at least the following issues:
- the role of management team
- the roles and competences in management team
- changes in management team during initial growth

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Question 23. Describe the process from idea to product concept to product initial sale.

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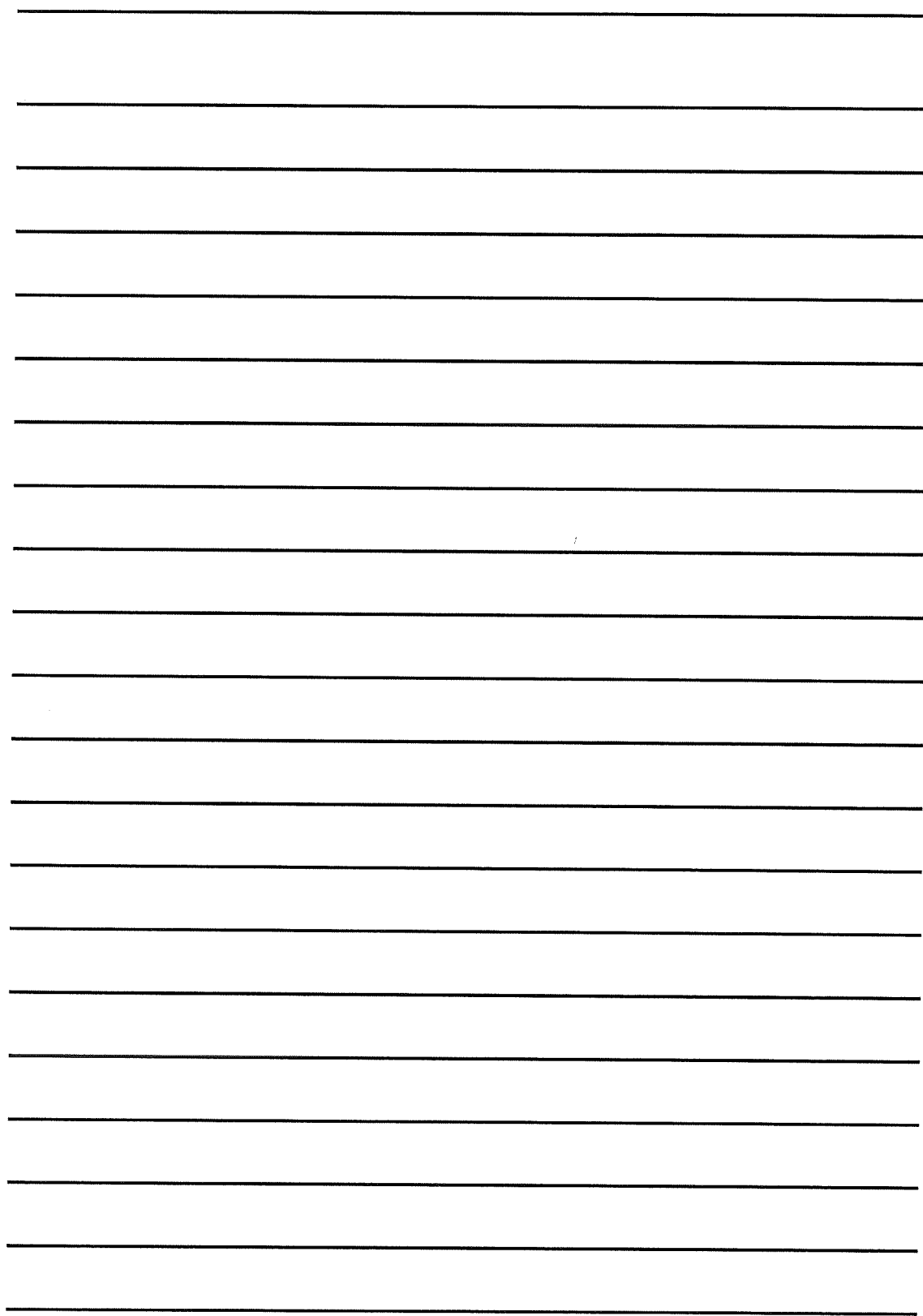
Please remember to fill in the feedback.