INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 2/SEMESTER 1
COURSE CODE: MBA 853
NAME: E- PROCUREMENT AND E-SUPPLY CHAIN

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

Section. A is Compulsory

Question 1:

E-Sourcing at Gretsch-Unitas

Getting People to Love it

In the evening of July 17th, 2003, Mr Geiger was sitting at his desk in his office of the Gretsch-Unitas (G-U) headquarters for logistics in Stuttgart, Germany. He thought about the implication of the purchase manager's decision to handle the procurement process exclusively via an E-Sourcing platform from the Swiss SourcingParts AG. Mr Fuchs, the general logistics manager at G-U, had appointed him as project manager for the implementation of the E-sourcing software within one week. Mr. Geiger was supposed to come up with an analysis of potential implementation problems and strategies to handle them. He was convinced that implementing the software would result in enhanced organizational structures and processes at G-U but, at the same time he was well aware of the potential challenges this change would bring along. Employees as well as suppliers would possibly question the need and practicability of the new software. Nevertheless, if he managed to develop a solid concept that would win around both employees and suppliers, Mr. Geiger was confident that he would manage to convince everybody of the system's usefulness. Which potential obstacles would he thus have to keep in mind while developing this concept? Which measures would fit best in order to convince both employees and suppliers of the implementation of SourcingParts' procurement software?

History of G-U

G-U was founded by Viktor Gretsch in 1907 and over time developed from a medium-sized company from Southern Germany to one of the most prestigious companies in its field worldwide. For years, renowned names such as BKS (locking technology), FERCO (window fittings) and ATS (automatic entrance systems) belonged to the group. As of July 2003, around 3500 people worked for the family-owned company in more than 40 countries throughout the world. Almost 500 of them worked at the headquarters in Germany.

Status-quo of the procurement process

A team led by Mr. Geiger was asked to evaluate the different procurement methods and their applicability for G-U. First, the advantages and disadvantages of the existing RFQ-process were analyzed. As a consequence, the team came to the conclusion that the current purchasing strategy seemed to fit well the specific requirements of the industry. The purchased components that G-U used for its production were highly individualized and therefore, long-term suppliers' relationships turned out to be favourable. Furthermore, the low standardization of the process enabled high flexibility.

Notwithstanding, the team identify that the main problem was the low transparency of the purchasing processes. Moreover, in order to establish a sustainable and consistent reporting, a higher degree of standardization would be necessary. Another major issue was the long lead time needed from writing the RFQ to the notification of the chosen supplier. This problem put some of the flexibility at odds because long planning ahead of time was necessary.

SourcingParts

In order to optimize procurement processes, it soon became obvious that a software solution would be most suitable because of a higher possible degree of standardization and transparency. SourcingParts offered an RFQ and an auctioning component on one single platform. G.U would be able to either choose to use SourcingParts as a tool to improve its existing RFQ process by changing from a rather classical method to an E-solution. The software provided a very comfortable tool to compare the offers of suppliers.

Mr. Geiger had done a good job on acquiring the software. He soon had to realize that the purchasing officers at G.U felt resentment against the new software. He could understand their fears because change always created uncertainties. When, especially some of the elder employees, thought of E-procurement and technological advancement on a company basis, they had recent tabloid headlines in mind or else personal fates of family members and friends who had been laid off because of technology replacing human workforce. Rumors about lay-offs were spreading in the division and caused resistance among the teams. Suppliers were reluctant to accept the changes.

This case extract was written by Michael Aust, Sonja Boch, Alexander Smeja and Gregor Weber, under the direction of Professor Lutz Kaufmann and Alex Mchel. The case was made possible by the co-operation of Gretsch-Unitas. Case study reference no. 606-017-1 (2006).

Required:

a) Design an e-procurement implementation strategy for G.U company (10 marks)

b) Discuss the e-procurement models that would best fit the G.U company (10 marks)

c) How would Mr. Geiger deal with change management issues in the company (10 marks)

Discuss the critical success factors to e-procurement adoption in G.U company (10 marks)

Question 2:

Mini Case Study: Online gambling business

If reaching a critical mass of customers is a prerequisite for success in e-business then the online gambling industry has succeeded in spectacular fashion. In a survey carried out by YouGov, research reveals that there are some four million Britons using the internet for gambling purposes. Between 30–40% of these are female aged between 18–29. Of all the gambling sites available, online poker has experienced the biggest growth. There are an estimated 256 online poker rooms operating on the internet and they generate some £2.3 million commission on a daily basis for their owners. The top online poker site is PartyPoker.com (www.PartyPoker.com) with a market share of about 50%. Its main rival is ParadisePoker.com (www. ParadisePoker.com) an online poker website that was bought by Sportingbet (a subsidiary of the Hilton Group) for $297 million in 2004.

In 2004, online gamblers lost a total of £4.1 billion (The Sunday Times, 2005).

Poker websites receive revenue from collecting a ‘rake’ from each pot of cash that gamblers feed into. This usually amounts to between 1–3% of the total cash gambled. Online gambling sites are successful because they meet all the economic and psychological factors necessary to attract and retain customers: customers are in control of their spending (some people may develop an addiction to gambling but most control their spending habits); the activity offers the potential for making money (greed and avarice are powerful motivators in the human condition); there is no face-to-face contact with other gamblers (customers value their anonymity); and the online gambling experience provides a thrill to participants, albeit usually fleeting.

There is also an element of network externalities at play in the online gambling environment. The amount of money available for 106 Introduction to E-business Chapter 4winning gamblers is dependent on the number of participants. The more people who play the greater the potential rewards for winning. This acts as a powerful attraction to gamblers who seek the highest returns on their ‘investment’. The more players who participate the better the service, and better service is likely to attract more players. This dynamic accounts for the huge growth in gambling sites across the world in the last few years. By 2005, the phenomenal growth of online gambling recorded since 2000, started to level off. This led the big operators to look at ways in which the online gambling concept can be extended. To this end, the future is likely to involve gambling on interactive television. UK

bookmakers William Hill have already experimented with their own digital television station, showing greyhound racing and offering interactive games such as roulette

Required

a) Today, online gambling is spreading like wild fire. Why has the online gambling industry succeeded? [support your answers with evidence from the case study] (10 marks)

b) As a student of e-procurement management, how would you extend the concept of e-business and ensure its sustainability in your business organization. (10 marks)

c) Drawing your inferences from the mini case study. Discuss the network externalities of e-business to the economy of your country. (10 marks)

d) Discuss the model that is appropriate for online gambling and propose its implication to the gambling business (10 marks)

SECTION B

Answer any THREE Questions

Question 1:

a) a) Prepare a flow chart showing how the same activities would be done under e-procurement (10 marks)

b) Assess e-procurement organizational suitability using the EPOS method (10 marks)

Question 2:

Most business organizations have limited their e-procurement to MRO (Maintenance, repair and operating) items. Critically examine the validity of this statement (20 marks)

Question 3:

E-Procurement can rarely be a total success because it depersonalizes the procurement process. The absence of personal contact can lead to misunderstandings and weaken relationships. Why is this view held by most procuring and disposal entities? (20 marks)

Question 4:

a. a) How would you measure e-procurement performance and benefits? (10 marks)

b) Discuss the tools you would use to monitor e-procurement performance. (10 marks)

Question 5:

a) Explain the alternative models to e-procurement implementation in the public sector (10 marks)

b b) Discuss the risks and costs associated with e-procurement implementation in a business firms (10 marks)

Question 6:

a) What factors would you consider when evaluating the best software provider? (10 marks)

b) Discuss the process you would follow to select the best procurement software vendor (10 marks)

Question 7:

How would you determine willingness and readiness to implement e-procurement in any business organization? (20 marks)

Question 8:

a) Discuss the challenges of electronic government procurement (e-GP) implementation in Uganda (12 marks)

b) Discuss e-Business models based on buyer-provider classification (08 marks)

Question 9:

a) Examine the factors to consider when designing a change management plan for e-procurement adoption (12 marks)

b) Discuss the dimensions to e-procurement adoption (08 marks)

Question 10:

The application of information technology (IT) can have a significant impact upon the management of the supply chain in general and a profound effect upon the procurement function in particular. Discuss the extent to which you agree with this statement with reference to the impact of IT on both the management of the supply chain and the procurement function. (20 marks)

Question 11:

E-commerce impacts upon the supply chain by offering a number of important advantages to the buyer and it will shift the balance of power to buyers. What do you consider to be these advantages and how will they impact upon the supply chain? (20 marks)

Question 12:

a) Assess the impact of e-tendering on buying organizations and providers (10 marks)

b) Examine the influence of artificial intelligence on internal and external procurement environment (10 marks)