

PAPER – 6 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

Section–A: Information Technology

Attempt all questions.

Question 1

(a) Describe briefly the following terms:

- (i) VPDN
- (ii) Folder
- (iii) DDL Compiler
- (iv) Shareware
- (v) Clock Speed

(5x1 = 5 Marks)

(b) Explain each of the following:

- (i) Real Time Data Warehouse
- (ii) MMX
- (iii) Online Backup
- (iv) Index Field
- (v) Operating System

(5x1 = 5 Marks)

Answers

- (a) (i) VPDN: VPDN (Virtual Private Dial-Up Network) is a user to LAN connection used by a company that has employees who need to connect to the private network from various remote locations.
- (ii) Folder: Folder, also called a Directory, is a tool for organizing files on a disk. Folders can contain files or other folders, so it is possible to set up a hierarchical system of folders on the computer.
- (iii) DDL Compiler: DDL Compiler converts data definition statements into a set of tables. Tables contain meta-data (data about the data) concerning the database. It gives rise to a format that can be used by other components of the database.
- (iv) Shareware: Shareware is a software developed by individual and small companies that cannot afford to market their software world wide or by a company that wants to release a demonstration version of its commercial product.
- (v) Clock Speed: The clock speed is the speed at which the processor executes instructions. It is measured in megahertz (MHz) e.g. a 450 MHz processor performs 450 million instructions per second.

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- (b) (i) Real time Data Warehouse: A Real time data warehouse is updated on a transaction or event basis, every time an operational system performs a transaction such as an order or a delivery or a booking etc.
- (ii) MMX: MMX stands for Multimedia Extensions—a set of instructions built in to the CPU, specifically intended for improving the performance of multimedia or graphic applications—mainly games.
- (iii) Online Backup: Data base back-up can be performed while the database is being actively accessed (online). It is performed by executing the command-line or from the 'Backup Database' utility. When this process begins, the database engine externalizes all cached data pages kept in memory to the database file(s) on disk. This process is called a checkpoint. The database engine continues recording activity in the transaction log file while the database is backed up. The log file is backed up after the backup utility finishes backing up the database.
- (iv) Index Field: Index fields are used to store relevant information along with a document. The data input to an Index Field is used to find those documents when needed. The program provides up to 25 user-definable Index Fields in an Index Set.
- (v) Operating System: Operating System is defined as an integrated system of programs which supervises the operation of the CPU, controls the input/output functions of the computer system, translates the programming languages into the machine languages and provides various support services.

**Question 2**

Answer the following questions:

- (a) Define an Expert system. Describe the components of an Expert system. (7 Marks)

OR

- (b) Describe the ways a computer network can help business. (7 Marks)
- (c) What are the challenges faced by the management of a data center. (3 Marks)

**Answers**

- (a) Expert System: An expert system (ES) is a computerized information system that allows non-experts to make decisions comparable to those of an expert. Expert systems are used for complex or ill-structured tasks that require experience and specialized knowledge in narrow, specific subject areas.

Components of an Expert system are : (shown in figure below)

- (i) Knowledge base: This includes the data, knowledge, relationships, rules of thumb (heuristics), and decision rules used by experts to solve a particular type of problem.
- (ii) Inference engine: This program contains the logic and reasoning mechanisms that simulate the expert logic process and deliver advice. It uses data obtained from

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both the knowledge base and the user to make associations and inferences, form its conclusions, and recommend a course of action.

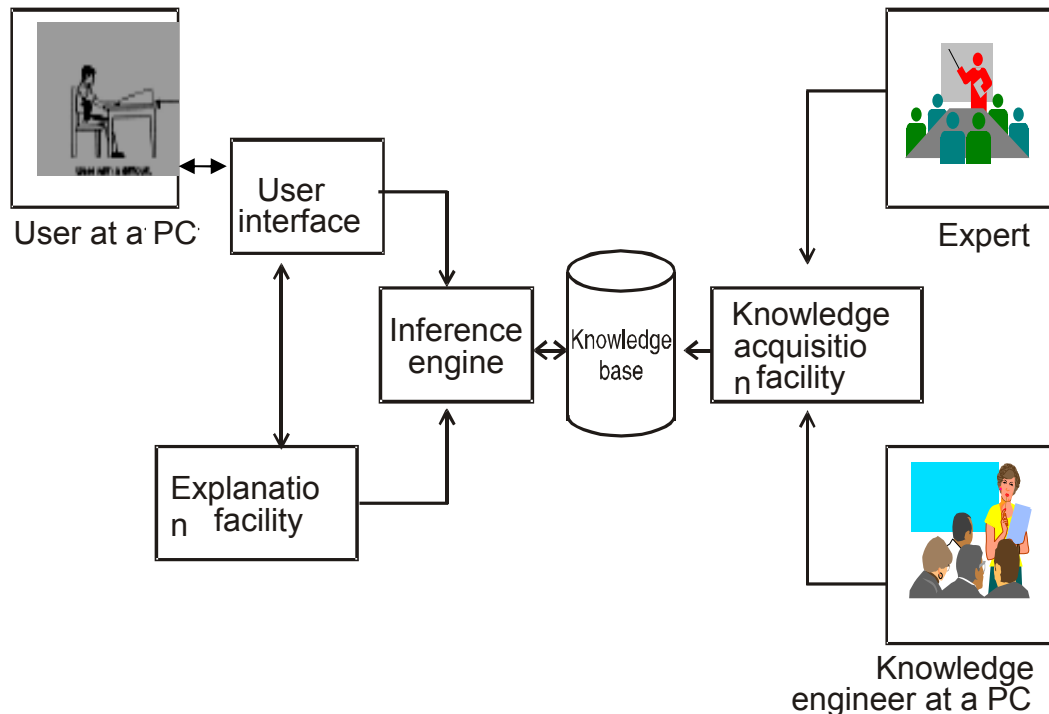


Fig. Major components of an Expert System

- (iii) User interface: This program allows the user to design, create, update, use, and communicate with the expert system.
  - (iv) Explanation facility: This facility provides the user with an explanation of the logic the ES used to arrive at its conclusion.
  - (v) Knowledge acquisition facility: Building a knowledge base, referred to as knowledge engineering, involves both a human expert and a knowledge engineer. The knowledge engineer is responsible for extracting an individual's expertise and using the knowledge acquisition facility to enter it into the knowledge base.
- (b) A computer network can help the business in following ways:
- (i) File Sharing: File sharing is the most common function provided by networks and consists of grouping all data files together on a server or servers. When all data files in an organization are concentrated in one place, it is much easier for staff to share documents and other data.

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- (ii) **Print Sharing:** When printers are made available over the network, multiple users can print to the same printer. This facility can reduce the number of printers the organization must purchase, maintain and supply.
  - (iii) **E-Mail:** Internal or "group" email enables the staff of an office to communicate with each other quickly and effectively. Group email applications also provide capabilities for contact management, scheduling and task assignment.
  - (iv) **Fax Sharing:** Through the use of a shared modem(s) connected directly to the network server, fax sharing permits users to fax documents directly from their computers without ever having to print them out on paper.
  - (v) **Remote Access:** Staff often require access to their email, documents or other data from locations outside the office. A highly desirable network function, remote access allows users to dial in to an organization's network via telephone and access all the network resources that they can access when they're in the office.
  - (vi) **Shared Databases:** Shared databases are an important subset of file sharing. If the organization maintains an extensive database, a network is the only effective way to make the database available to multiple users at the same time.
  - (vii) **Fault Tolerance:** This is the process of making sure that there are several lines of defense against accidental data loss. Tape backups, servers attached to an uninterruptible power supply and redundant hardware are examples of such defense lines.
  - (viii) **Internet Access and Security:** When computers are connected via a network, they can share a common, network connection to the Internet. This facilitates email, document transfer and access to the resources available on the World Wide Web.
  - (ix) **Communication and collaboration:** A network allows employees to share files, view other people's work, and exchange ideas more efficiently.
  - (x) **Organization:** A variety of network scheduling software is available that makes it possible to arrange meetings without constantly checking everyone's schedules.
- (c) **Challenges faced by the management of a data center are as follows:**
- (i) **Maintaining a skilled staff and high infrastructure needed for daily data center operations:** A company needs to have staff which is expert at network management and has software/operating system skills and hardware skills. A company has to employ a large number of such people.
  - (ii) **Maximizing uptime and performance:** While establishing sufficient redundancy and maintaining watertight security, data centers have to maintain maximum uptime and system performance.
  - (iii) **Technology Selection:** The other challenges that enterprise data centers face is technology selection, which is crucial to the operations of the facility keeping business objectives in mind.

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- (iv) Resource balancing: The enterprise chief technical officer today needs to strike a working balance between reduced operational budgets, increased demands on existing infrastructure, maximizing availability, ensuring round-the-clock monitoring and management, and the periodic upgrades that today's technology demands.

### Question 3

- (a) Describe in brief the various components of Client Server Architecture. (4 Marks)
- (b) What are the various views taken into account, while designing the architecture of a Database. Which view is user dependent and which one is user independent? Which view is storage device oriented? (3+2+1=6 Marks)

OR

- (c) Why documentation is required? List any 4 types of documentations required to be prepared prior to delivery of customized software to a customer.

### Answers

- (a) The various components of Client-Server Architecture are as follows:
- (i) Client: Clients, which are typically PCs, are the "users" of the services offered by the servers. There are basically three types of clients:
- ◆ Non-Graphical User Interface (GUI) Clients: These require a minimum amount of human interaction e.g. ATMs, cell phones, fax machines, and robots.
  - ◆ GUI-Clients: These are human interaction models usually involving object/action models like the pull-down menus in Windows 3-X.
  - ◆ Object-Oriented User Interface (OOUI) Clients: These take GUI-Clients even further with expanded visual formats, multiple workplaces, and object interaction rather than application interaction. Windows 95 is a common OOUI Client.
- (ii) Server: Servers await request from the client and regulate access to shared resources and perform action based on client request. File servers make it possible to share files across a network by maintaining a shared library of documents, data, and images. Database servers, transaction servers and web servers are some of the servers used in client server architecture.
- (iii) Middleware: The network system implemented within the client/server technology is termed as Middleware. It is all the distributed software needed to allow clients and servers to interact. General middleware allows for communication, directory services, queuing, distributed file sharing, and printing.
- (iv) Fat-client or Fat-server: Fat-client allows more of the processing to take place on the client, like with a file server or database server. Fat-servers place more emphasis on the server and try to minimize the processing done by clients. Transactions, GroupWare, and web servers are examples of Fat Servers. Fat Clients are also referred to as "2-Tier" systems and Fat-servers as "3-Tier" systems.

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- (b) The following three views are taken into account, while designing the architecture of a database.

- (i) External view (User View)
- (ii) Conceptual (Global view)
- (iii) Internal View (Physical view)

External view (User View) encircles the following:

- ◆ It is at the highest level of the database abstraction.
- ◆ It includes only those portions of database or application programs which are of concern to the users.
- ◆ It is described by means of a scheme, called the external schema.
- ◆ It is defined by the users or written by the programmers.

Conceptual (Global view) which is viewed by the Data Base Administrator, encompasses the following –

- ◆ All database entities and relationships among them are included.
- ◆ Single view represents the entire database.
- ◆ It is defined by the conceptual schema.
- ◆ It describes all records, relationships and constraints or boundaries.
- ◆ Data description to render it independent of the physical representation.

Internal View (Physical view) contains the following:

- ◆ It is at the lowest level of database abstraction.
- ◆ It is closest to the physical storage method.
- ◆ It indicates how data will be stored.
- ◆ It describes data structure.
- ◆ It describes access methods.
- ◆ It is expressed by internal schema.

External view is user-dependent as external view is also referred as User View.

Conceptual and Internal views are user-independent.

Internal view is storage device oriented.

- (c) The documentation is an important aspect of Software Development Life Cycle which provides a method to understand the various issues related with software development and provide a method to access details related to system study, system development, system testing, system operational details, details related to preventive maintenance and details associated with further modification aspects of the software.

Four important documentations required to be prepared prior to delivery of customized software to customer are as follows:

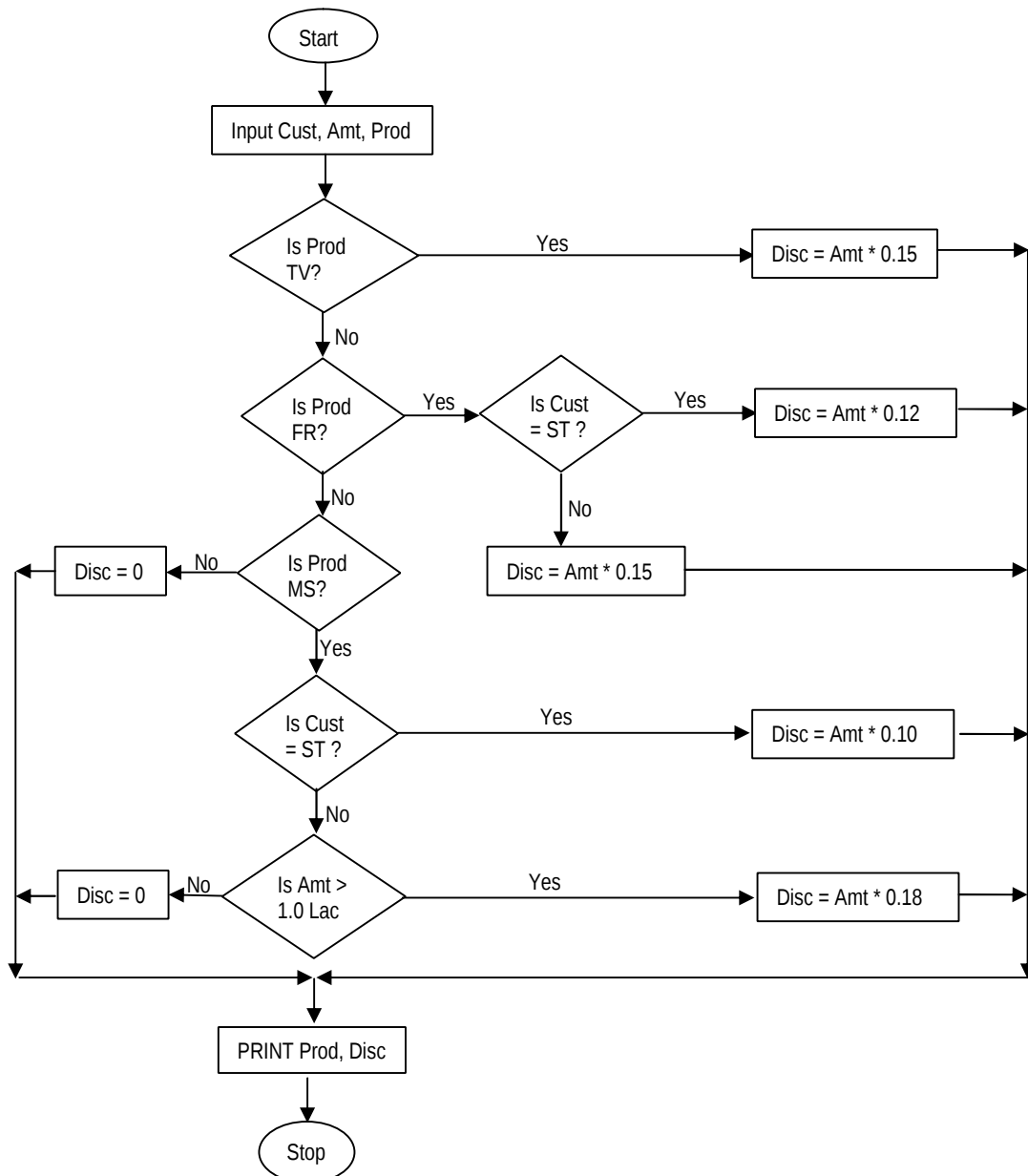
- (i) Strategic and Application Plans.
- (ii) Application Systems and Program Documentation.

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- (iii) System Software and Utility Program Documentation.
- (iv) Database Documentation, Operation Manuals, User Manuals, Testing Manual, Standard Manual, Preventive Maintenance Manual, and Backup Manual are other important documentations.

**Question 4**

Frame the problem for which the given flowchart has been drawn. See the Abbreviations defined below:



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Cust : Client, Prod : Product , Amt : Amount, Disc : Discount, TV : Television, FR : Fridge,  
MS : Music system, ST : Student

Answer

The flowchart drawn is for the following problem:

A company engaged in selling electronic items to different class of clients has adapted the following discount policy:

- (i) A discount of 15% is offered on TV irrespective of category of client and the value of order.
- (ii) On purchase of fridge, a discount of 15% is allowed to others and 12% to students, irrespective of the value of the order.
- (iii) On Music system, others are offered a discount of 18% only if the value of order is more than Rs 1 Lac. Students are offered a discount of 10% irrespective of the value of order.

Prepare a flowchart to print the product type and discount allowed to a customer.

Note: It is a sample formation of the problem. Students can frame the problem in their own language based on the above three conditions.

Question 5

- (a) What do you understand by the term EFT? Describe, in brief, the different EFT systems in operations. (5 Marks)
- (b) Explain the OSI Model of communication. (5 Marks)

Answer

- (a) EFT stands for "Electronic Funds Transfer" and represents the way the business can receive direct deposit of all payments from the financial institution to the company bank account. This payment mechanism moves money between accounts in a fast, paperless way. The different EFT systems in operation are as follows:
  - (i) Automated Teller Machines (ATMs): This allow the consumer to do their banking without assistance of a human teller. These machines are used with a debit or EFT card and a code, which is often called a Personal Identification Number or "PIN."
  - (ii) Point-of-Sale (POS) Transactions: Some debit or EFT cards allow transfer of funds electronically from the consumer's account to the merchant's account while shopping.
  - (iii) Telephone Transfers: Consumer can transfer funds from one account to another account by telephonic instructions.
  - (iv) Preauthorized Transfers: The account holder authorizes the bank or a third party to withdraw or deposit the funds from or into his account.

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- (b) OSI or the Open System Interconnection Model of Communication has been outlined by International Organization for Standardization (ISO) to facilitate communication among the various hardware and software platforms which are heterogeneous in nature. It consists of following seven layers of functions:
- (i) Physical Layer: This first layer is a hardware layer which specifies mechanical features as well as electromagnetic features of the connection between the devices and the transmission.
  - (ii) Data Link Layer: This is the second layer and is also a hardware layer which specifies channel access control method and ensures reliable transfer of data through the transmission medium.
  - (iii) Network Layer: This is the third layer and makes a choice of the physical route of transmission.
  - (iv) Transport Layer: This is the fourth layer and ensures reliable transfer of data between user processes, assembles and disassembles message packets, provides error recovery and flow control. At this layer, multiplexing and encryption take place.
  - (v) Session Layer: This is the fifth layer and establishes, maintains and terminates sessions (dialogues) between user processes. Identification and authentication are undertaken at this layer level.
  - (vi) Presentation Layer: This is the sixth layer which controls on screen display of data, transforms data to a standard application interface. Encryption, data compression can also be undertaken at this layer.
  - (vii) Application Layer: This is the seventh layer which provides services for file transfer, file sharing, etc. Database concurrency and deadlock situation controls are undertaken at this layer.

### **Section B : Strategic Management**

#### **Question 6**

State with reasons which of the following statements is correct or incorrect (Attempt any three):

- (a) Strategic management is a bundle of tricks and magic.
  - (b) The purpose of SWOT analysis is to rank organisations.
  - (c) SBU concepts facilitate multi-business operations.
  - (d) PLC is an S shaped curve.
  - (e) The rate and magnitude of changes that can affect organisations are decreasing dramatically.
- (3 × 2 = 6 Marks)

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Answer

- (a) Incorrect: No, Strategic management is not a bundle of tricks and magic. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it can not be stated that a strategy is a trick or magic. Formation of strategy requires careful planning and requires strong conceptual, analytical, and visionary skills.
- (b) Incorrect: SWOT analysis stands for the analysis of strengths, weaknesses opportunities, and threats. It is not used for ranking of organizations. It is a tool for organizational and environmental appraisal necessary for formulating effective strategies.
- (c) Correct: Organizing business along SBU lines and creating strategic business units has become a common practice for multi-product/service and global organizations. It is a convenient and intelligent grouping of activities along distinct businesses and has replaced the conventional groupings. SBU facilitates strategic planning, gaining product-related/market-related specialization, gaining cost-economies and more rational organizational structure.
- (d) Correct: Product Life cycle (PLC) which is a graphical depiction of sales over time is an 'S' shaped curve with four stages – introduction, growth, maturity and decline. The pattern is shared by all product group and families though the duration for each phase is different in each case. Identification of PLC stages for a product/service offers useful insights for marketing management.
- (e) Incorrect: No, the reality is just the other way round. Business environment especially after globalisation and liberalisation is witnessing changes that are fast paced and have far-reaching implications for businesses. This is true for economic, political, technological, legal, and socio-cultural factors. This has created strong pressures on organization for proactive adaptation to environmental changes for survival growth and competitive edge.

Question 7

Answer briefly any two of the following:

- (a) Can a change in the elected government affect the business environment? Explain.
- (b) Enlist the components of marketing mix.
- (c) Differentiate clearly between forward and backward integration. (2 × 2 = 4 Marks)

Answer

- (a) The type of government running a country is a powerful influence on business. Businesses are highly guided and influenced by government actions. Change in the elected government relates to the change in political environment. To an extent, even legal environment may change with the changes in the Government. It has a strong

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bearing on the conduct of business as it leads to significant changes in the economic policies and the regulatory framework. It generally reflects the political ideology of the political party or alliances. The government's policy of promoting select sectors further impacts the functioning of business organizations.

Businesses are affected by the factors such as political stability, the political ideology and practices of the ruling party, the purposefulness and efficiency of governmental agencies, the extent and nature of governmental intervention in the economy and the industry, Government policies (fiscal, monetary, industrial, labour and export-import policies), specific legal enactments and framework and so on.

(b) Marketing mix is a systematic way of classifying the key decision areas of marketing management. It is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market. The original framework of marketing mix comprises of 4Ps- product, price, place and promotion. These are subsequently expanded to highlight certain other key decision areas like people, processes, and physical evidence. The elements of original framework are:

- Product: It stands for the "goods-and-service" combination the company offers to the target market.
- Price: It stands for the amount of money customers have to pay to obtain the product.
- Place: It stands for company activities that make the product available to target consumers and include marketing channel, distribution policies and geographical availability.
- Promotion: It stands for activities that communicate the merits of the product and persuade target consumers to buy it.

(c) Forward and backward integration forms part of vertically integrated diversification. In vertically integrated diversification, firms opt to engage in businesses that are vertically related to the existing business of the firm. The firm remains vertically within the same process. While diversifying firms opt to engage in businesses that are linked forward or backward in the chain and enters specific product/process steps with the intention of making them into new businesses for the firm.

Backward integration is a step towards, creation of effective supply by entering business of input providers. Strategy employed to expand profits and gain greater control over production of a product whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production. On the other hand forward integration is moving forward in the value chain and entering business lines that use existing products. Forward integration will also take place where organisations enter into businesses of distribution channels.

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**Question**

Describe the construction of BCG matrix and discuss its utility in strategic management.

(5 + 5 = 10 Marks)

**Answer**

Companies that are large enough to be organized into strategic business units face the challenge of allocating resources among those units. In the early 1970's the Boston Consulting Group developed a model for managing a portfolio of different business units or major product lines. The BCG growth-share matrix named after its developer facilitates portfolio analysis of a company having invested in diverse businesses with varying scope of profits and growth.

The BCG matrix can be used to determine what priorities should be given in the product portfolio of a business unit. Using the BCG approach, a company classifies its different businesses on a two-dimensional growth share matrix. Two dimensions are market share and market growth rate. In the matrix:

- The vertical axis represents market growth rate and provides a measure of market attractiveness.
- The horizontal axis represents relative market share and serves as a measure of company strength in the market.

Thus the BCG matrix depicts four quadrants as per following:

|                    |      |                       |                |
|--------------------|------|-----------------------|----------------|
| Market Growth Rate | High | Stars                 | Question Marks |
|                    | Low  | Cash Cows             | Dogs           |
|                    |      | High                  | Low            |
|                    |      | Relative Market Share |                |

Different types of business represented by either products or SBUs can be classified for portfolio analyses through BCG matrix. They have been depicted by meaningful metaphors, namely:

- (a) Stars are products or SBUs that are growing rapidly. They also need heavy investment to maintain their position and finance their rapid growth potential. They represent best opportunities for expansion.
- (b) Cash Cows are low-growth, high market share businesses or products. They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. In long run when the growth rate slows down, stars become cash cows.

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- (c) Question Marks, sometimes called problem children or wildcats, are low market share business in high-growth markets. They require a lot of cash to hold their share. They need heavy investments with low potential to generate cash. Question marks if left unattended are capable of becoming cash traps. Since growth rate is high, increasing it should be relatively easier. It is for business organisations to turn them stars and then to cash cows when the growth rate reduces.
- (d) Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves, but do not have much future. Sometimes they may need cash to survive. Dogs should be minimised by means of divestment or liquidation.

The BCG matrix is useful for classification of products, SBUs, or businesses, and for selecting appropriate strategies for each type as follows.

- (a) Build with the aim for long-term growth and strong future.
- (b) Hold or preserve the existing market share.
- (c) Harvest or maximize short-term cash flows.
- (d) Divest, sell or liquidate and ensure better utilization of resources elsewhere.

Thus BCG matrix is a powerful tool for strategic planning analysis and choice.

### Question 9

Define Business Process Re-engineering. Briefly outline the steps therein. (4 + 6 = 10 Marks)

### Answer

Business Process Reengineering (BPR) is an approach to unusual improvement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes that involves examination of the basic process itself. It looks at the minute details of the process, such as why the work is done, who does it, where is it done and when it is done. BPR refers to the analysis and redesign of workflows and processes both within the organization and between the organization and the external entities like suppliers, distributors, and service providers.

The orientation of redesigning efforts is basically radical. In other words, it is a total deconstruction and rethinking of business process in its entirety, unconstrained by its existing structure and pattern. Its objective is to obtain quantum jump in process performance in terms of time, cost, output, quality, and responsiveness to customers. BPR is a revolutionary redesigning of key business processes.

BPR involves the following steps:

1. Determining objectives and framework: Objectives are the desired end results of the redesign process which the management and organization attempts to achieve. This will provide the required focus, direction, and motivation for the redesign process. It helps in building a comprehensive foundation for the reengineering process.

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2. Identify customers and determine their needs: The designers have to understand customers - their profile, their steps in acquiring, using and disposing a product. The purpose is to redesign business process that clearly provides added value to the customer.
3. Study the existing process: The existing processes will provide an important base for the redesigners. The purpose is to gain an understanding of the 'what', and 'why' of the targeted process. However, some companies go through the reengineering process with clean perspective without laying emphasis on the past processes.
4. Formulate a redesign process plan: The information gained through the earlier steps is translated into an ideal redesign process. Formulation of redesign plan is the real crux of the reengineering efforts. Customer focussed redesign concepts are identified and formulated. In this step alternative processes are considered and the best is selected.
5. Implement the redesign: It is easier to formulate new process than to implement them. Implementation of the redesigned process and application of other knowledge gained from the previous steps is key to achieve dramatic improvements. It is the joint responsibility of the designers and management to operationalise the new process.

### Question 10

Read the following case study and answer the questions given at the end:

Meters Limited is a company engaged in the designing, manufacturing, and marketing of instruments like speed meters, oil pressure gauges, and so on, that are fitted into two and four wheelers. Their current investment in assets is around Rs. 5 crores and their last year turnover was Rs. 15 crores, just adequate enough to breakeven. The company has been witnessing over the last couple of years, a fall in their market share prices since many customers are switching over to a new range of electronic instruments from the range of mechanical instruments that have been the mainstay of Meters Limited.

The company has received a firm offer of cooperation from a competitor who is similarly placed in respect of product range. The offer implies the following:

- (i) transfer of the manufacturing line from the competitor to Meters Limited;
- (ii) manufacture of mechanical instruments by Meters Limited for the competitor to the latter's specifications and brand name; and
- (iii) marketing by the competitor.

The benefits that will accrue to Meters Limited will be better utilization of its installed capacity and appropriate financial compensation for the manufacturing effort.

The production manager of Meters Limited has welcomed the proposal and points out that it will enable the company to make profits. The sales manager is doubtful about the same since the demand for mechanical instruments is shrinking. The Chief Executive is studying the offer.

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- (a) What is divestment strategy? Do you see it being practised in the given case? Explain. (5 Marks)
- (b) What is stability strategy? Should Meters Limited adopt it? (5 Marks)
- (c) What is expansion strategy? What are the implications for Meters Limited in case it is adopted? (5 Marks)
- (d) What is your suggestion to the Chief Executive? (5 Marks)

Answer

- (a) Divestment strategy implies exiting from one or more of existing business activities or lines due to strategic reasons. Divestment strategy involves the sale or liquidation of a portion of business, or a major division, profit centre or SBU. Divestment is usually a part of rehabilitation or restructuring plan and is adopted when a turnaround has been attempted but has proved to be unsuccessful. The option of a turnaround may even be ignored if it is obvious that divestment is the only answer.

In the given case study, technological obsolescence appears to be a major reason leading to divestment. The competitor firm making offer to Meters Limited seems to be interested in divesting in manufacturing activities and concentrate on marketing.

- (b) One of the important goals of a business enterprise is stability to safeguard its existing interests and strengths, to pursue well established and tested objectives, to continue in the chosen business path, to maintain operational efficiency on a sustained basis, to consolidate the commanding position already reached, and to optimise returns on the resources committed in the business.

A stability strategy is pursued by a firm when:

- It continues to serve in the same or similar markets and deals in same products and services.
- The strategic decisions focus on incremental improvement of functional performance.

Stability strategy doesn't seem to be the appropriate strategy for Meters Limited. In view of fast approaching product obsolescence, Meters Limited should look for such strategy that would help in gaining market share in the new segment rather than battling in a segment that is declining. They cannot afford to maintain the same market posture and maintain same level of effort. As there are significant changes in their external environment, they need to make adjustments for their sustenance.

- (c) Expansion Strategy is a proactive strategy implying making new investments and venturing into new business, products and/or markets. It is true growth strategy, having lot of business risk but nevertheless resulting in good rewards. Expansion strategy is implemented by redefining the business by adding the scope of business substantially

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increasing the efforts of the current business. Expansion is a promising and popular strategy that tends to be equated with dynamism, vigor, promise and success.

The markets for products of Meters Ltd with their existing technology are in the state of decline. They are being replaced by newer electronic technology. It would be a good idea to acquire the electronic technology and move out of the market that is reducing and has little scope. They may also consider expanding through diversification in other related and unrelated products.

- (d) A combination Strategy is recommended for Meters Limited. The competitor is trying to adopt divestment. They are outsourcing manufacturing and retaining marketing with them. It would be very convenient for them to get out of the market in future. If Meters Limited accepts this proposition, they run the risk of continuing manufacturing in dwindling market followed by product obsolescence. At the same time, they have a medium-term objective of utilizing their installed capacity and making some profits. The Following package is recommended:
- (i) Invest in new product development to facilitate quick switchover to the new technology.
  - (ii) Meters Ltd also need time to invest in emerging new technology and pursue expansion strategy. The offer of competitor may be considered for acceptance, in case there is clear buy-back arrangement for bringing in sales revenue and profits with less competition.
  - (iii) In longer run, they should divest the existing products.
  - (iv) They should identify other areas for expansion. This will enable Meters Ltd to spread their risks.