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D Y PATIL UNIVERSITY

End Term Examinations (December 2018)

School: School of management

Program: MBA BIS II year

Course: Innovation management

Course Code: MGT622

Semester: III

Max Marks: 100

Duration (mins): 180 min (3 hours)

This question paper consists of two sections A and B.

Section A: Total marks 50.

Answer any 5 of the following questions. Each question carries 10 marks.

1. What do you mean by disruptive innovation? Explain disruptive innovation model.
2. Explain "Technology push" and "Market pull" with examples.
3. "Invention and innovation are the two sides of the same coin". Bring out your answer.
4. Does Innovation or Advertising Create Great Brands? Discuss.
5. Explain different types of innovation with real world business examples of each. List the factors that favour and discourage the different types of innovation in an organisation.
6. Explain the Top-down and Bottom-up strategy in innovation.
7. Explain the strategies big businesses adopt to build the innovation culture.
8. The extent of technological innovation Public Sector Enterprise is not so encouraging in India. What are the reasons for this trend? Suggest any two measures to be taken for strengthening technological innovations in Indian Public Entities.

9. 'Knowledge spill over serves as the catalyst for the development of new ideas and new applications often in ways that were never anticipated initially'. :
Elaborate.
10. Distinguish between Business Angel and Venture Capital.
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Section B (50 marks)

Section B consists of case studies.

All questions are compulsory.

1. Case study: 15 marks

PayPal is an American worldwide online payments system. When it was launched in 1999, to enable people to settle small debts via the Internet, several analysts expressed doubts over its future. Its competitive business model, security systems and constant new services enabled its customer base to grow from 10,000 in 1999 to 45 million in 2004. By 2002, it earned the reputation of being a highly trusted payment system over the internet. ·

- A. What were the opportunities that the founders of Pay Pal took advantage of through their business?
- B. What could have been the possible reasons for customers' increased acceptance of technology change in making online payments?

2. Case study: 20 marks

Gandhian model of innovation:

After the 2008 economic recession, innovation has attracted a great deal of attention from top managements. Traditional innovation models that were based on affluence and abundance are being questioned now. As the customers are demanding great value from products and services, there is a need for driving resource optimisation and cost efficiencies like never before. Skilled talent is available in abundance in an emerging economy like India. Penetration of the rural market in India is considered to be a viable option for

growing the business. Thus the constraints in developing countries are looked at as opportunities and this awareness is driving entrepreneurship in India.

C.K. Prahalad and Dr Mashelkar have proposed the Gandhian model of innovation.

The first type of innovation is the one which changes business dynamics. The second type involves synthesising technologies. The third type of innovation is aimed at creating new technologies.

Bharti Airtel has been quoted as an example of an organisation that changed its premium pricing strategy to the one based on gross profit. This enabled the company to expand its market to cover the entire Indian business population. Bharti outsourced non-core functions, entered into innovative contractual agreements with service providers and used distribution channels of consumer goods companies. It collaborated with competitors to share infrastructure.

Lupin labs collaborated with a Siddha practitioner to develop a drug for Psoriasis, achieved success and eventually managed government funding for its project to launch an effective and cheaper drug for Psoriasis.

Indian companies have been forced to relook at the price performance equation because catering only to a niche consumer base using premium prices does not result in growth of business. Gandhian innovation became a model to serve the large customer base. Companies realised that rather than defining the market segment through their cost structures, it is business wisdom to tweak the cost structures for exploring new market segments. The model looks at the innovation through the twin lenses of affordability and sustainability.

- A) How is the Gandhian innovation model different from the conventional innovation models?
- B) Discuss in brief the reasons why Gandhian innovation and its principles are driving entrepreneurship in India?
- C) Why is the Gandhian model important for growing the business and making it more profitable?

3. Case study: 15 marks

CarSingh, an online platform that helps users buy and sell used and new cars, has raised an undisclosed amount in its first round of funding from Seeders Venture Capital Pvt Ltd. CarSingh says that it attracts more than two lakh users per month. CarSingh.com allows users to research new/used cars by price range, make and model. Car research tools, car pricings, car accessories and dealers' discount offers are provided as well. Founded in January 2010, the company claims to offer the largest selection of used cars inventory from dealers and private sellers. It is now planning to expand its operations in used cars market across India, besides focusing on the after-sales market.

Lok Capital, which focuses on investments in the bottom-of-pyramid (BOP) customer segment, has invested another \$3 million in rural business process outsourcing (BPO) firm RuralShores. Set up on the social objective of generating jobs in villages through back offices, RuralShores is the market leader in the nascent rural BPO category. "RuralShores will use the second round of funding to expand its operations in the rural BPO space for business development," said Lok Capital partner, Ganesh Rangaswamy. With 10 back office centres across the country, including three in Karnataka, two in Tamil Nadu and one each in Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh and Rajasthan, the company is set to open 10 more centres by March 2012. Post-expansion, the three-year-old company's headcount will double to 2,000 from about 1,000 currently, with the ratio of young men and women being employed at 50:50. HDFC Bank participated in the first round of funding for 30 per cent of the equity while Lok Capital invested an unspecified sum for 11 percent stake. After the second round of funding, promoters still hold majority stake (51 per cent).

A. According to you, what features of the two ventures mentioned above make them unique to attract venture capital funding.