

Bazinga's! Case

ITC Competition 2019



Consultant Team:

Aaron Ferrer

Kevin Souza

Brandon Nguyen

Herbert Santoso

Calvin Truong

TABLE OF CONTENTS

Background Observations	2
Scope and Objectives	2
Problem Statement	3
SWOT Analysis and Summary	4
Proposed Business Controls and Implementation Plan	5
Proposed Consulting Team	7
Timetable and Cost	9
Benefits to Bazinga's!	10
Agreement	11

Background Observations

Bazinga's! is a comical and innovative online retailer founded by Jayne Brown in 1998. Over the years, the company has expanded exponentially and was known to be one of the most valuable public trading company in the world. Bazinga's! introduced the concepts of cryptocurrency (B-Coin) and blockchain as a service (BAAS) in order to decrease operating costs and accelerate e-commerce transactions. B-Coin and BAAS became a huge success as many companies began adapting to the services Bazinga's! provided; especially the cannabis industry. This eventually leads to a major problem with B-Coin and BAAS, specifically due to the fact that companies are taking advantage of the service by smuggling illegal drugs and laundering abundant amounts of money. The Drug Enforcement Administration (DEA) and Federal Bureau of Investigation (FBI) have discovered evidences that international distribution of products between the third parties and the buyers contained illegal drugs. In the meantime, Bazinga's! stock trading business has come to a halt until further solutions are found.

Scope and Objectives

The main objective is to control the B-Coin, BAAS, and e-commerce platforms against various criminal activities and restore the loss of Bazinga's! market capitalization from the impact. We will discuss potential business control solutions to improve Bazinga's! critical reputation and prevent similar complications from arising in the future. An immediate innovation of the government policy will be developed and monitored in order to maintain the security between third-party vendors and customers. The scope of the Request for Information will include: propositions for changes necessary in the internal control, creation of the B-coin exchange for account logging, and the full implementation of self-hosted verifications.

Problem Statement

Bazinga's! design and plans for B-Coin and BAAS was thought out and it was able to speed up e-commerce transactions, cut operating costs, and grasp emerging markets such as the cannabis industry. However, it was due to the nature and infancy of cryptocurrency and blockchain systems that Bazinga's! B-Coin and BaaS services were repurposed for criminal activities.

Because of blockchain's nature of having data/records constantly growing and interlinked with another through cryptography, which encourages the distribution of information to easily go from point A to point B, it was there that the drug cartel made the error of fulfilling an order that was meant for a regular Bazinga's! customer. Also, due to cryptocurrency having pseudo-anonymity, where information regarding parties involved are held anonymous, which is why it was repurposed for money laundering. For transactions dealt with B-Coin, or any cryptocurrency for the matter, hides the information of the parties involved. However, Bazinga's! should not enter into a settlement agreement with the Federal Court, as it could lead to an immediate shutdown and loss of profit for future online services offered by Bazinga's!; as it is common for any online service or platform to be repurposed for criminal activities.

Ebay's prominent e-commerce platform has been prone to numerous instances of phishing and scamming techniques. Criminal activity that the vendors participate in involve fake Paypal accounts, counterfeit or deeply discounted items, and bitcoin scam. Malware, fake bitcoin, bitcoin exchanges, and bitcoin trusts are ways that perpetrators attempt to steal from victims. In response to these issues that consumers face online, Ebay has a security team and a direct link that allows customers to identify malicious vendors, as well as a Money Back Guarantee Plan for Buyers wanting to provide protection for their products. Craigslist had also been plagued with prostitution from 1999-2010. The ease of accessibility allowed crime rings to increase sex-trafficking efforts, with previous studies also linking HIV transmission as a result of Craigslist's expansion. Other websites such as Backpage continued to facilitate prostitutional transactions, but was put to an end after Congress and the President signed the Fight Online Sex Trafficking Act. Bazinga's! is focused on identifying not only the company's past mistakes but from other distinguished ecommerce giants, as well as providing solutions to tackle e-commerce criminal activity.

SWOT Analysis and Summary

The purpose of the SWOT Analysis is to establish Bazinga's! current strengths and weaknesses, strategizing a plan to utilize the company's strengths, understand its weaknesses, while trying to capitalize on every potential opportunity, mitigate each possible threat and implement stronger business decisions.

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> ● 90% of cannabis Market Share ● Trillion Dollars of market capitalization ● Large non-profitable product diversity 	<ul style="list-style-type: none"> ● No vendor background check ● No product inspection at warehouse ● Not strong enough relationships with vendors
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> ● Strengthening of blockchain services ● Customer relations ● Strengthen presence in cannabis market after previous mishaps ● Training for new hires/dogs ● Blockchain analysts for increased stability of BAAS 	<ul style="list-style-type: none"> ● Cyber attacks ● Phishing/Scamming ● Illegal drug activity ● Legalization of cannabis

Proposed Business Controls and Implementation Plan

As aforementioned, we advise Bazinga's! to not enter into a settlement agreement with the Federal Court, for unforeseeable instances could lead to the immediate shutdown and loss of profit for future online services.

IT Illiterate's goals in this project is to help Bazinga's! continue to provide B-Coin and BaaS services at the highest level, immediately get the cease and desist clause waived, as well as create and implement controls that will not only help mitigate the company's immediate emergency but prevent any more legitimate risks while improving operations for the long term. As a client centric consulting firm, we plan to collaborate with Bazinga's! for a year to two and a half, and are open to extensions if needed. Our reason for being involved for such a long term is to ensure that no exploits are present in our proposed well thought out system of controls.

Our first step is to help the Bazinga's! Public Relations team in making a public apology to the customer who was involved in the drug cartel's transaction, ensuring their safety and making the rest of Bazinga's! aware of the reasons for the current cease and desist. This will allow us to also address that the laced teddy bear had not gone through one of our warehouses for inspection, and that it had gone straight from the cartel to the customer; in which we are currently cooperating with the government to help them further investigate how such transactions were able to occur and assist in shutting down all criminal activities that have surfaced on our platform. The purpose of this public apology is to help maintain transparency with our consumers and the public; helping Bazinga's! maintain their good company reputation.

Once the apology and the current issue is addressed, the next step in the process is to assess the current state of Bazinga's!. Keeping track and analyzing how much current stocks are dropping, how much revenue is lost with the cease and desist, flaws and vulnerabilities in the BaaS, B-Coin system, and e-Commerce platform that were exploited. By being aware of these instances we can create a set of separate controls to be implemented for B-Coin, BaaS, and the e-Commerce platform. Designating each control by length of implementation with short-term controls being completed within a 12-month period, to resolve immediate issues; as for long-term controls they are to be completed past a twelve month period, with its goal to prevent any future exploits, bring future benefits, and seek out future opportunities. Once plans are set, we will present proposed controls to the government for approval, in attempts to get the cease and desist lifted, as well as maintaining transparency with the government on our actions.

As B-Coin is such an innovative and lucrative product, it is imperative that we save this service. The first thing that must be done is an update of our terms and services stating that Bazinga's! has the right to forward all information pertaining illegal activities to government agencies. Also there will be a clause stating that if caught and prosecuted for illegal activities containing but not limited to fraud and drug smuggling vendors will be blacklisted. Due to the popularity of blockchain services such as B-Coin being derived from its decentralized nature, we found it unwise to centralize power to better enforce the cryptocurrency. Instead analyzing B-Coin and tracing their origins is a way to apprehend people abusing the cryptocurrency. To do this we propose that Bazinga's! start a new department of blockchain analysts to analyze B-Coin to track activity of their transactions. This department will work closely with law enforcement when issues like these arise. It will also act as a theft detection group if users get hacked we can trace which wallet the B-Coin ends up at. Since this is a critical implementation, it is important to start hiring right away with a short term deadline of two months to get the department started and a long term goal of expanding this department. Using these controls to oversee B-Coin is key as the cryptocurrency is used extensively in our BaaS platforms.

The issue of vendors abusing our BaaS for illegal activities is something we cannot overlook as well. To combat this it should be required that vendors are to go through a criminal background check in their country. Vendors will be required to pay for this themselves, but will in turn receive credits for our BaaS. Setting up this system and notifying vendors of our new policies will take at most three months. The switch will be immediate for new vendors, but for current vendors there will be a grace period allowing them some time to get their checks in so they do not lose business. If current vendors do not pass this check all current orders and services will be canceled immediately. Vendors who do not pass the background check due to fraud, identity theft, or contraband will also be blacklisted from selling on our platforms. These controls will also help with our e-commerce as well.

In order to protect our own products and that of the vendors affiliated with our e-Commerce platforms from being laced or tampered for any unlawful reason, and to prevent any form of transactions that involves drugs, weapons, counterfeits, or any other unauthorized and illegal products, we will be improving Bazinga's! ways of ensuring quality assurance and enhancing the accountability of Bazinga's! on the handling of such products. We will do so by getting quotes for third party warehouses, where we will contract them to hold and inspect products for pre-shipment. This will help improve communication with vendors and benefit them by having such contracted warehouses inform them immediately about defects in packages/products prior to them arriving at the consumers' destination. As products are going through the third party warehouses, we will begin to implement CT scanners and K-9 units in Bazinga's! own warehouses; which we plan to take one to three years to implement into all warehouses. This is to allow us to be able to catch illegal substances and contraband prior to

them being shipped; if such products are detected we will immediately contact the government agencies and release the information of the seller for investigation, and if needed the buyer's information as well. Afterwards, we will also be implementing a "Consumer Fraud Awareness" program for our customers to report any contraband or illegal substances that we were unable to detect in our warehouses, promising them free expedited shipping for a certain duration. We will also keep a check system for the consumers to keep them from abusing the program. If three false claims against a vendor are made, they will be suspended from the program for a month; a false claim after such suspension will lead to them being banned permanently and possibly charged for making accusations under false pretenses. The implementation of the "Consumer Fraud Awareness" program, CT scanners, K-9 units, and third party warehouses will also discourage criminals from further exploiting Bazinga's! e-Commerce platform as all products/packages will be under surveillance throughout all periods of the transaction.

Proposed Consulting Team

IT Illiterate's consulting team is composed of five members: Aaron Ferrer, Herbert Santoso, Calvin Truong, Kevin Souza, Brandon Nguyen. These members are well adverse in computer information assurance, and are ready to deliver, execute, and perform any necessary requirements in helping businesses meet their goals and objectives.

Aaron Ferrer: *Lead Product Manager*

Aaron Ferrer is currently a senior double majoring in Accounting and Computer Information Systems with an emphasis in Business Intelligence. He hopes to pursue a career in Auditing Analytics and hopes to gain more exposure and get hands on experience in order to further enhance his personal skills set. His background experience includes being a payroll intern at the LA City Controller's Office where his main responsibilities involved database management, handling financial transactions, and updating city employees' compensation/benefits packages by department. This upcoming summer he will be the first intern for the Audit Intelligence department at MUFG. As the lead product manager, he manages the e-commerce implementations and controls, oversees the work of advisors, and continues to maintain public relations throughout the company.

Herbert Santoso: *Legal Advisory Consultant*

Herbert is currently a junior at Cal Poly Pomona majoring in Computer Information Systems with an emphasis in Cyber Security. He is a driven goal-oriented individual who is seeking to pursue a career as a Cyber Security Analyst, and looking to gain more IT experience in real life cases. His background skills set includes working at the Los Angeles County

Department of Agricultural Commissioner/Weights & Measures as a Student IT Worker. His role as the Legal Advisory Consultant is to keep track of legal implementations and assisting in maintaining public relations.

Calvin Truong: *Finance and Government Consultant*

Calvin is currently a junior at Cal Poly Pomona majoring in Computer Information Systems with an emphasis in Business Intelligence. He is a driven individual that is seeking to enhance his professional and technical knowledge in order to pursue a career as a Big Data Analyst. His background skills set includes customer service, product knowledge, computer programming, and maintaining strong verbal and written communication in a team-base setting. His role as the Finance and Government Consultant includes overseeing all financial costs and inventory as well as maintaining strong government liaisons with outside sources.

Kevin Souza: *Solutions Architect Consultant*

Kevin is currently a graduating senior at Cal Poly Pomona majoring in Computer Information Systems with an emphasis in Security/Information Assurance. Last summer Kevin worked for Cylance Inc. as an IT intern. At Cylance he assisted in various issues ranging from basic hardware problems to encryption troubles. His role as the Solutions Architect Consultant includes overseeing all implementations of B-coin and BAAS as well as assisting in developing the blockchain department.

Brandon Nguyen: *Talents & Operations Consultant*

Brandon is currently a junior at Cal Poly Pomona majoring in Computer Information Systems with an emphasis in Business Intelligence. He hopes to enhance his knowledge within the IT field and seek to gain more exposure in Big Data as well as management consulting in hopes to pursue a career as a Project Manager. He currently serves as the Chief Financial Officer for the Management Information System Student Association. His background skills set includes strong verbal and written communication skills, project managing, financial analytic knowledge, and teamwork. His role as the Talents & Operations Consultant is assisting human resources in recruiting block chain analysts and software developers, and making sure all implementations of e-commerce and warehouses are well established.

Timetable Overview Chart			Months									
Activity	Plan Start	Plan Duration	1	2	3	4	5	6	7	8	9	10
Hire Personnel	1	3										
Design and Service Policy	1	1										
Creation of Blockchain Analysts	1	2										
Testing Quality Controls	1	3										
Implmentation and 3rd Party Warehouses	1	10										
Consumer Fraud Awareness Program	1	3										

Timetable Overview Chart			Years									
Activity	Plan Start	Plan Duration	1	2	3	4	5	6	7	8	9	10
Implementation of New Quality Controls	1	1										
Implementation of K-9 Units & CT Scans	1	3										

Benefits to Bazinga's!

With improvements to Bazinga's! B-Coin and BAAS, IT Illiterate will provide an effective ecommerce platform that will benefit from the fortified integrity of BWS and its seamless implementation into the Bazinga's! operations. In order to address legal needs, new policies have been created to update our Terms & Services, and our cooperation with the government should allow us to implement a blacklist on malicious vendors in order to take action against illegal B-Coin transactions. The "Consumer Fraud Awareness" Program will provide an opportunity for customers to retain a constant stream of communication with Bazinga's! services and allow them to respond quickly as well as limiting the liability implicated on the company that would greatly impact Bazinga's! market capitalization. Recent shortcomings will provide a platform for improvement, with enhanced security and scrutiny of product inventory going through third-party pre-shipment inspection services, followed by our long-term investment of training detection dogs and CT scans at future fulfillment centers. Bazinga's! can use these new centers as a service for holding product that can be shipped as soon as sold reducing shipping times for vendors therefore increasing customer satisfaction. The creation of a team of block chain analysts within Bazinga's! enable search and identification of illegal activity within BAAS transactions, also providing a way for customers to be informed of the movement of their B-Coin through BAAS in case of a breach to their crypto wallet. The company could also turn this into a paid service in order to recoup costs for other companies if they are breached or have a similar issue of product being used for for contraband.

Investments in these key areas where Bazinga's! has faltered in the past will improve Bazinga's! operations and transparency with the public and the government, promoting consumer safety and satisfaction. By providing more stability with Bazinga's! technology innovations, BWS will be able strengthen vendor and customer relations and provide consistent quality service.

Agreement

The signing of this proposal is considered an extension of offer and forms an agreement between IT Illiterate and Bazinga's!.

For IT Illiterate:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Product Manager