**IT Risk Management Final Exam**

**Case Study**

An international marketing and distribution company has decided to provide a monthly video game rental program as a result of its market research. The Video Game Delivery Project involves developing a Web-based application and support structure to provide customers with video games on a monthly rental basis. Market research and corporate values suggested your company focus on educational and sports-related video games only, and games would be available for all types of platforms, including popular gaming systems, computers, and learning systems used in preschools and elementary schools. You also plan to serve an international market, providing information and products in several different languages. This system must be very user friendly, providing customers the ability to search for specific games by platform, age and gender appropriateness, customer reviews, sport, language and so on. Customers must be able to order the video games, pay online, and write reviews of the games. The system must be available 24/7. The system must also be able to track referrals to the site from corporate partners and customer referrals, display advertisements, and track customer usage patterns. Assume this project will take 12 months to complete and cost about $500,000.

Several issues have arisen on the Video Game Delivery Project. Four months have passed since the project started. Gaurav from ABC Corp., who providing the Web-based application and helping you customize it, is complaining about not being paid appropriately. You initially thought you would only need a small amount of customization will cost another $100,000 over their initial budget. The purchasing specialist on your internal project team, Nora, does not like this supplier at all and gets very hostile at team meetings. Everyone else has been fairly happy with the supplier, and you weren’t that surprised when they raised the customization estimate. Your two information technology specialists, Matt and Najwa, came and told you that they both feel that they are being underutilized on the project. As a project manager, you have been getting short, weekly status reports from all of your team members, but many of them did not address challenges people are obviously facing.

**Your task**

1. Create a risk register for the project. Identify six potential risks, including at least two positive risks *(30 marks)*.
2. Plot the six risks on a probability/impact matrix *(Figure 1)*. Assign a numeric value for the probability of each risk, and its impact on meeting the main project objectives. Use a scale of 1 to 5 to assign the values, with 1 being lowest and 5 being highest. For a simple risk factor calculation, multiply these two values. Enter the new data in the risk register. Write your rational for how you determined the scores for one of the negative risks and one of the positive risks *(30 marks)*.
3. Develop a response strategy for negative risks and for positive risks. Enter the information in the risk register. Write a separate paragraph describing what specific tasks would need to be done to implement the strategy. In addition, include time and cost estimate for each strategy *(40 marks)*.

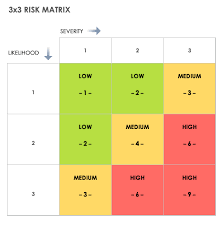


Figure 1 Risk Matrix

1. Create a risk register for the project. Identify six potential risks, including at least two positive risks *(30 marks)*.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Risk | Description | Probability | Impact | Risk Factor | Type |
| Cybersecurity Breach | Hackers may steal sensitive consumer data from the web-based application, including personal information and financial information, resulting in legal problems and a loss of reputation. | 2 | 5 | 10 | Negative |
| Software Development Delays | Due to technical difficulties or a lack of resources, ABC Corp. might not be able to provide the Web-based application on schedule. | 4 | 3 | 12 | Negative |
| Team Members underutilized | complaining about work time | 3 | 3 | 9 | Negative |
| Gaurav from ABC corp. Quits Project | Because of complaining about payment | 3 | 4 | 12 | Negative |
| Unexpected Surge in demand | Unexpected demand growth could affect the video game delivery system, causing capacity and logistics problems as well as unsatisfied customers. | 3 | 4 | 12 | Positive |
| Positive Feedbacks | Customers may give the video games and rental program rave reviews, which will draw in additional customers, boost sales and revenue, and improve the company's reputation. | 3 | 4 | 12 | Positive |

1. Plot the six risks on a probability/impact matrix *(Figure 1)*. Assign a numeric value for the probability of each risk, and its impact on meeting the main project objectives. Use a scale of 1 to 5 to assign the values, with 1 being lowest and 5 being highest. For a simple risk factor calculation, multiply these two values. Enter the new data in the risk register. Write your rational for how you determined the scores for one of the negative risks and one of the positive risks *(30 marks)*.

|  |  |  |  |
| --- | --- | --- | --- |
| Probability/Impact | Low(1-2) | Medium(3-6) | High(7-10) |
| Low(1-2) | Positive Risk | Positive Risk | Moderate Risk |
| Medium(3-6) | Moderate Risk | Moderate Risk | High Risk |
| High(7-10) | Moderate Risk | High Risk | High Risk |

1. Develop a response strategy for negative risks and for positive risks. Enter the information in the risk register. Write a separate paragraph describing what specific tasks would need to be done to implement the strategy. In addition, include time and cost estimate for each strategy.

Negative Risk - Cybersecurity Breach: To address this risk, a strong cybersecurity plan must be put in place, including regular system testing and monitoring for potential vulnerabilities. This would entail engaging the services of an outside cybersecurity specialist to examine the system in-depth and offer suggestions for improvement. This plan would take one month to complete and cost $50,000, according to estimates.

Negative Risk: Software Development Delays

Response Strategy:

Re-negotiate the scope of the project with ABC Corp. in order to limit customisation and the possibility of delays.

Task 2: To avoid misunderstandings and guarantee alignment, give ABC Corp. regular updates on the project schedule and budget.

Task 3: To ensure that everyone is aware of the possibility of delays, identify potential risks and communicate them to the project team.

Task 4: Create backup strategies to lessen the effects of delays if they do arise.

Estimated time: two weeks

Estimated cost: $20,000.

Positive Risk: Unexpected Surge In Demand

Response Strategy:

Task 1: Develop a strategy to scale up the infrastructure, such as expanding server capacity and bandwidth, to manage increased demand.

Task 2: Establishing a relationship with vendors is task number two in order to guarantee prompt and dependable product delivery.

Task 3: Step up marketing initiatives to advertise the service and increase demand.

Task 4: Create backup plans to deal with increased demand and lessen the impact on the project's budget and timeframe.

Estimated duration: 4 weeks

Estimated cost: $50,000