



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

Academic Year 2019 – 2nd Year Examination – Semester 4

IT4205: IT Project Management

Part 2 - Structured Question Paper

23rd November, 2019

(ONE HOUR)

To be completed by the candidate

BIT Examination Index No:

Important Instructions:

- The duration of the paper is **1 (one) hour**.
- The medium of instruction and questions is English.
- This paper has **02 questions** on **05 pages**.
- **Answer all questions.** All questions carry equal marks.
- **Write your answers** in English using the space provided **in this question paper**.
- Do not tear off any part of this answer book.
- Under no circumstances may this book, used or unused, be removed from the Examination Hall by a candidate.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.
- **Non-programmable calculators are allowed.**

Questions Answered

Indicate by a cross (×), (e.g. ☐) the numbers of the questions answered.

To be completed by the candidate by marking a cross (×).	1	2	
To be completed by the examiners:			

1)

- a) Explain what is meant by the term “risk tolerance”.

[03 mark]

ANSWER IN THIS BOX

It is the amount of satisfaction/ pleasure received from a potential payoff.

- b) Risk preference of an individual can be measured using utility and the potential payoff. Explain the types of risk preference. You are required to use graphs and necessary examples in your answer.

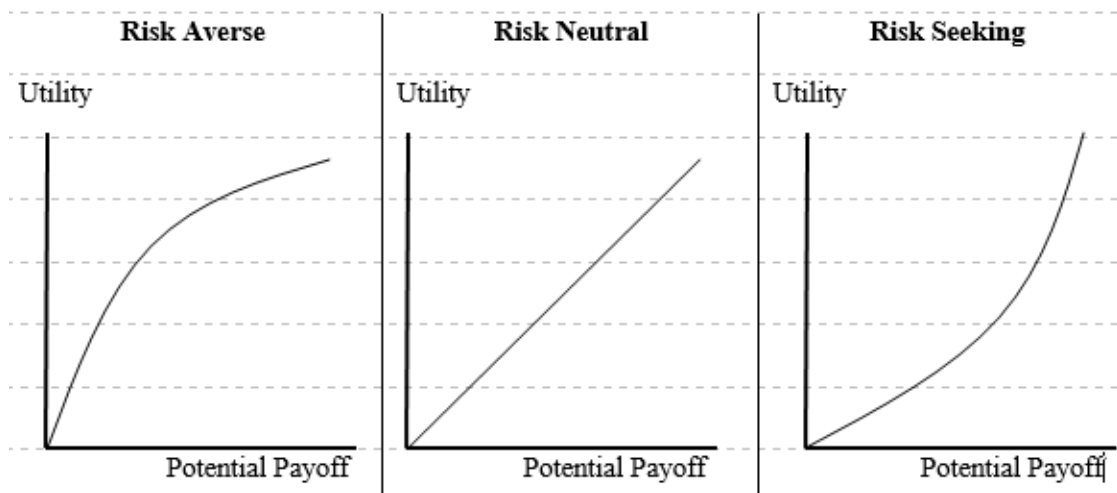
[12 marks]

ANSWER IN THIS BOX

Risk Averse: - When more payoff or money is at stake, an organization or person gains less satisfaction from the risk. Has a lower risk tolerance.

Risk Neutral: - There is a balance between payoff and utility of risk.

Risk Seeking: - An organizations/ person's satisfaction increases when there is a larger payoff at stake. Has a higher risk tolerance.



- c) Compare and contrast *contingency plans*, *fallback plans* and *contingency reserves*.

[10 marks]

ANSWER IN THIS BOX

Contingency Plans: - These are actions that a project team will undertake if an identified risk occurs.

Fallback Plans: - These plans are developed and put into effect if attempts to reduce the risks associated with a project is not effective or have failed.

Contingency Reserves: - These are provisions held by the sponsor of the project/ organization to reduce the risk of cost and/or schedule overruns to an acceptable level.

Generally contingency plans are for perceived risk and the plans represent corrective action or mitigative action on the risk. As the definition suggests fallback plans are generally there as a final failsafe/ solution to risk in cases where all options addressing a risk including contingency plans have failed. Unlike the plans, contingency reserve is provision (predominantly funds) held by the sponsor or the organization to provide necessary support for a project team in the case of project appearing off course due to many factors such as inexperience, new technology etc.

- 2) a) Critically analyse the concepts of qualitative and quantitative risk analysis. Your answer should explain the concepts followed by a comparison between them.

[15 marks]

ANSWER IN THIS BOX

Qualitative risk analysis involves around assessing the likelihood and impact of identified risks to determine their magnitude and priority.

Quantitative risk analysis is generally a extended analysis of high priority risks identified during which a numerical value is assigned for these risks along with probability of occurrence etc for each project. This enables statistics and probability to be used in projects along with any data gathered through time.

For Qualitative risk assessment impact factor matrices, risk item tracking can be used to compute the risk factors associated with a project.

For quantitative risk decision trees are generally used in projects to assess the expected monetary value. Furthermore, techniques such as monte-carlo simulation can be used to generated more data on a given project and to simulate possible scenarios into the future and identify the probabilities of each risk occurrence.

b) Write a brief analysis on tools and techniques for planning procurements.

[10 marks]

ANSWER IN THIS BOX

Planning procurement is about identifying the which project needs can be best served by using products and services from outside organizations. This involves deciding whether to procure, how to procure, what to procure, how much to procure and when to procure.

Make-or-buy analysis, expert judgement, type of contracts are common tools used for planning procurement.

Make-or-buy analysis is technique where organizations use to determine whether a given product should be procured or produced in house.

Expert judgement is where inhouse or external experts provide views and advice on planning procurement.

Type of contract determine the terms and conditions the good or services will be procured by an organization.
