



Exam 23 Solution

Entrepreneurship for Students of Information Systems (WI000969): (Entrepreneurship in a Digital Age) (Technische Universität München)



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Entrepreneurship for Students of Information Systems
Summer Term 2023 (resit)

July 24, 2023

Last Name: _____ First Name: _____

Student ID: _____ Semester: _____

Degree program: _____

Signature: _____

Instructions – PLEASE READ CAREFULLY

- Please ensure that your exam contains **8 (eight)** pages. If not, ask for another copy.
- To respond to the exam questions, write exclusively on the exam paper. If required, please write on the back. Always clearly signal which question is being answered.
- **Do not separate** the pages of the exam paper.
- Write your name and student ID on all pages in the space provided.
- **You are allowed to use an English-[Your native language] and, if different, an English-German dictionary as well as a non-programmable calculator.**
- Any exams offence such as an attempt at copying from your neighbor or the possession of a crib sheet or other notes will lead to a fail grade (“nicht ausreichend” – 5,0).
- Keeping a cell phone on your person, even if fully switched off, is considered an exams offence, and will result in a fail grade. If you do not wish to leave your mobile phone in your bag, please leave it with us at the front.
- You have **60 (sixty) minutes** available. If you need to take a toilet break etc., you must leave all exam-related materials with one of the invigilators (“Klausuraufsicht”). Other than that, you are not allowed to leave the room until the end of the exam.

Best of Luck!

Question	1	2	3	Total
Points	10	20	30	60
achieved				
Grade				

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Part 1: Multiple choice (10 points)

In the following, you will be presented **five** multiple choice questions. Each question is worth 2 points if answered correctly (incorrect answers will not be punished). For each question, only one correct answer exists.

For each question, write the correct answer in the space provided below the question.

1) Which of the following is not a key idea of effectuation?

- A) Affordable loss
- B) Control through goal definition
- C) Focus on available means
- D) Surprises as opportunities

Your answer: B

2) The process of current managers leveraging the firm via debt to acquire it is called

- A) Asset stripping
- B) Fraud
- C) Management buy-in
- D) Management buy-out

Your answer: D

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3) A firm in which of following industries should be least likely to file for a patent?

- A) Aerospace
- B) Electronics
- C) Food
- D) Industrial Software

Your answer: C

4) The term "three Fs" relates to which aspect or area of new ventures?

- A) Finance
- B) HR
- C) Marketing
- D) Sales

Your answer: A

5) Which founder characteristic do Tom Conrad and Jeff Church both emphasize as crucial for (individual) long-term entrepreneurial success?

- A) Humility
- B) Intelligence
- C) People skills
- D) Perseverance

Your answer: D

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Part 2: Short Answer Questions (20 points)

In the following, you will be presented **six** questions, each of which is worth a maximum of four points. **Only answer FIVE** of these in the space provided below. The exclusive use of bullet points and graphs is acceptable provided that all relevant information is conveyed.

- 1) Briefly discuss the following sentence: "The world needs many more people like Elon Musk."

The statement "The world needs many more people like Elon Musk" suggests an admiration for Elon Musk's entrepreneurial spirit, innovation, and drive to address pressing global challenges. Musk is known for his work in electric vehicles, renewable energy, space exploration, and transportation. Supporters of this statement believe that more individuals with similar vision, determination, and commitment to solving complex problems are essential for advancing technology, sustainability, and human progress on a broader scale.

- 2) Name and explain two difficulties that may arise during venture growth other than the venture needing more money.
1. Scaling Operational Processes
 2. Talent Acquisition and Retention/Management

- 3) Below (or overleaf), please draw an empty business model canvas following the design suggestions of Alexander Osterwalder and indicate the order in which the fields should usually be completed.



Customer Segments
Value Proposition
Channels
Customer Relationships
Revenue Streams
Key Resources
Key Activities
Key Partnerships
Cost Structure

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- 4) Briefly define two similarities and two differences between an entrepreneur and a small business owner.

Similarities:

1. Passion and Commitment
2. Risk-Taking

Differences:

1. Innovation
2. Business Scope

- 5) For the following question, imagine AWS was not (!) a part of Amazon. Through this lens, state one reason each for why and for why not Amazon should be considered an IT start-up. How would you classify it? Why?

IT start-up: digital platform and infrastructure, analytics

no IT start-up: primary focus on e-commerce

-> no IT start-up as one of the biggest firms with broad portfolio

- 6) Name and explain two environmental characteristics that are more important to start-ups in IT industries than to start-ups in other industrial sectors.

1. Global Accessibility and Market Reach
2. Rapid Technological Changes

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Part 3: Long Essay (30 points)

Answer **ONE** out of the following TWO questions. While the use of bullets and graphs is acceptable, to get full marks, you will need to write an actual short essay. Be focused and stick to the material covered in the course including lecture notes, discussions, readings or textbooks. Please take your time before selecting which questions to answer and think about how to structure your response before you begin writing. Finally, note that only what is legible can be marked in your favor.

Option 1: Alexander Rinke, Bastian Nonimacher, and Martin Klenk have hired you as a consultant to help them grow their company "Celonis." Explain the four different types of growth strategies presented in the lecture, and give examples for how they could be used by Celonis. Which of these options should they choose? Why?

[Note: You do not have to know or recommend their actual strategy, but even if you do, you will need to make clear why you think it is appropriate.]

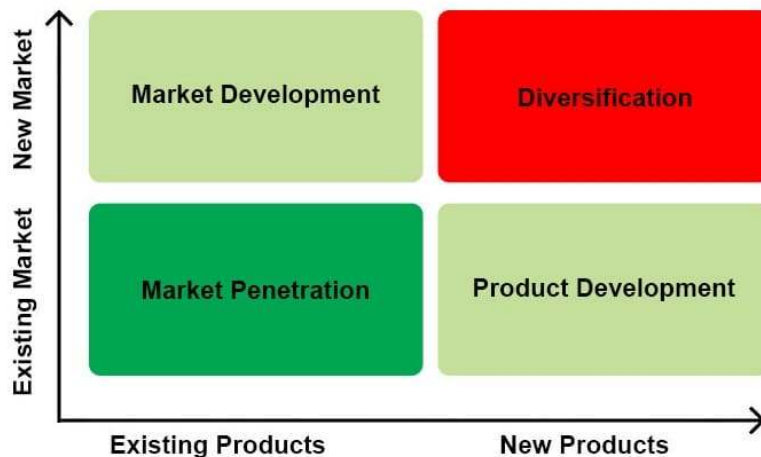
Option 2: In order to finance their growth ambitions, our guest lecturer Nadiem von Heydebrand and his co-founder from "mindfuel" are planning to acquire external financing. They have heard about debt financing, venture capital, and crowd-funding, and tasked you to work out the benefits and downsides of each approach. Which one would you recommend to them, and why?

[Note: For your essay, you can assume that this is the first time mindfuel will acquire external financing.]

I am choosing Option _____ .

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Option 1:



-> Market Penetration: Deepening relationships with existing customers and expanding within their current industry sectors can leverage Celonis's established reputation and customer base.

Product Development: Innovating and enhancing their existing process mining platform can ensure they stay competitive and meet the evolving needs of their customers.

Combining these strategies allows Celonis to consolidate its position in current markets while continuously improving its product offerings to maintain a competitive edge

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Option 2:

Debt financing:

- + maintain control
- + cheaper than venture capital
- fixed costs
- risk

Venture capital:

- + network, expertise
- + no fixed cost -> lower risk of bankruptcy
- equity dilution
- high expectations

Crowdfunding:

- + potential customers and marketing
- + capital
- time consuming
- uncertain

-> For "mindfuel," considering it's their first time acquiring external financing and the desire to maintain control, debt financing could be a suitable option. Debt allows them to secure capital without giving up ownership or decision-making power.