

ISM-E1004 - Business Analytics 2, Lecture, 8.1.2024-19.2.2024

/ Exam

? Forums Quizzes Resources

Course feedback Syllabus

To make sure all answers are saved
always finish your attempt before time is up!
Time left 2:43:42

Question 2

🚩 Flag question Marked out of 6.00 Complete

A company is considering whether to invest into a high-risk external project or a virtually risk-free internal project. The profit from the external project depends on whether a remote economic market experiences an upturn or a downturn. If there is an upturn, the external project will yield a profit of 6.3 thousand euros but if there is a downturn, the external project will cause a loss of 4.9 thousand euros. The internal project will yield one thousand euros regardless of the market developments. The company has estimated the probability of there being an upturn in the remote market to be 0.5. The company is risk-neutral in its investment decision making.

What is the expected monetary value of the company's **optimal** decision? Give your answer in thousands of euros using two decimals. (Currency symbol is not needed in the answer.)

NOTE: It is recommended that you solve this problem using Excel and formulate the problem in a decision tree in a way that it is easy for you to change the parameter values (profits and probabilities). The same problem (and extended versions thereof) with possibly different parameter values will be discussed in subsequent questions.

In this problem, you get three tries such that after each incorrect try, one third (33%) of the maximum points is deducted.

Answer: 1.00

Previous page

Next page



Tuki / Support

Opiskelijoille / Students

- MyCourses instructions for students
- email: mycourses(at)aalto.fi

Opettajille / Teachers

- MyCourses help
- MyTeaching Support form

Palvelusta

- MyCourses rekisteriseloste
- Tietosuojailmoitus
- Palvelukuvaus
- Saavutettavuusseloste

About service

- MyCourses protection of privacy
- Privacy notice
- Service description
- Accessibility summary

Service

- MyCourses registerbeskrivning
- Dataskyddsmeddelande
- Beskrivning av tjänsten
- Sammanfattning av tillgängligheten

