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**February 2024 – Cuppcar – Mock Paper 8**

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| --- | --- | --- | --- | --- |
| **Section number** | **Number of tasks** | **Time for section (minutes)** | **Number of sub task/s** | **% time to spend on each sub task** |
| 1 | 1 | 45 | 2 | 1. 50% 2. 50% |
| 2 | 1 | 45 | 3 | 1. 30% 2. 40 3. 30% |
| 3 | 1 | 45 | 2 | 1. 50% 2. 50% |
| 4 | 1 | 45 | 2 | 1. 40% 2. 60% |

This examination is structured as follows.

Each section (task) has a number of sub tasks. An indication of how much of the time available for the section that you should allocate to planning and writing your answer is shown against each sub task in the text of the question (and summarised in the table above). This information will be available for you to access during the examination by clicking on the Pre-seen button.

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**Section 01**

**Valerie Mizrahi,** **Finance Director of Cuppcar, has sent you the following email.**

From: Valerie Mizrahi, Finance Director

To: Financial Manager

Subject: – To implement an unmanned digital showroom

Hi,

Last month, the CEO of Cuppcar, Mr. Michelle Brennan, challenged corporate management to generate unique ideas for the company's growth over the next three years in line with government expectations **(reference Material 1).** Among the various proposals, the idea presented by Lambros, the Marketing Director, has been selected for further evaluation by the board and is anticipated to move forward with implementation.

Can you come up with below in order to prepare a report to be submitted to CEO?

* **Prerequisites that Cuppcar should meet to implement this project in line with the company's available resources**. **[Sub Task (a) = 50%]**

Also, the board is actively figuring out how to handle and reduce potential risks, which is a big deal.

* **Recommendations with reasons how the key phases (Need, Solution, Implementation and completion) of a project should be managed if we are to develop and implement of an unmanned digital showrooms**.

**[Sub Task (b) = 50%]**

**[Sub Task (a) = 50%]**

**[Sub Task (b) = 50%]**



***From – CEO, Mr. Michelle Brennan***

***To - Executive management***

***Subject – Growth accelerate of the company in line with government expectation***

***Dear Team,***

***I trust this message finds you well. I am writing to highlight the imperative need for new ideas to propel our operations over the next three years, aligning with the latest technologies and sustainability. These factors are not only crucial for our success but also mirror the government's strategic focus for the next five years, with digital enhancement emerging as a primary goal across industries.***

***In response to the shareholders' call for a robust growth plan, we have diligently worked towards developing an internal strategy. The need for such a plan has been reiterated for various reasons, and I am pleased to inform you that we have arrived at a compelling proposal. Our Marketing Director, Lambros, has presented a visionary concept – The implementation of unmanned digital showrooms which should aim below,***

* ***Revenue growth of the company***
* ***Wallet share of the company***
* ***Customer experience, suitability and digital enhancements***
* ***Digitalize manual interventions***

***As a first phase, we envision rolling out 40-50 showrooms nationwide. While this initiative holds significant promise, it is imperative to acknowledge the challenges that lie ahead. To navigate these challenges successfully, we must focus on immediate actions leveraging our internal resources composition and possible risks that might arrive.***

***Your collaboration and dedication to this initiative are vital for its success. Let's work together to overcome challenges and propel CuppCar into a new era of growth and innovation.***

***Best regards,***

***CEO,*** ***Mr. Michelle Brennan***

**Reference Material 1**

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**Section 02**

**After a week of sending your reply, Valerie called for a meeting with you**

Thank you very much for your detailed reply about my two questions asked. That was really helpful for me to prepare my report and present it to the CEO. However During the board meeting, a board member has raised concerns about the idea presented by the CEO Michelle Brennan, stating that while aiming for the advantage of being first to market is crucial and a good approach, there's an observed pattern in the global market where many large companies faced challenges. Competitors often follow as the second line with more advanced features. Additionally, some competitors have made substantial investments in digitalization. Michelle Brennan, the CEO, has requested to preparing a report outlining the potential impact on Cuppcar's business growth with the proposed innovations and expansion plan. I need you to prepare a brief report consisting with,

* **Evaluate the potential mitigation action for worst-case scenarios under scenario analysis. Take into consideration the possibility that competitors may also introduce a similar proposition to the market. This analysis aims to identify trends in consistent growth?** **[Sub Task (a) = 30%]**

Furthermore, the Chief Operating Officer, Chander Shekhar (COO) has concerns about how our internal sales team might feel if we bring in a digital showroom with AI technology. They might worry about their jobs if this idea is successful. The Finance Director, Valerie Mizrahi, has requested you to create a report covering below concerns, and plan to submit it to the CEO next week.

* **Identify the potential concerns that may arise from the sales team regarding the new idea of implementing a digital unmanned AI-based showroom. Recommend how to align the new proposition with the performance management system of the existing sales staff of the company?**

**[Sub Task (b) = 40%]**

Further Marketing director insisting to implement KPIs to marketing division with regards to new proposed proposition to reach the above expectations.

* **Please propose 3 KPIs that could be implemented to Sales and Marketing team in line with proposed proposition and aimed objectives.** **[Sub Task (c) = 30%]**

Appreciate if you could send me the report within 45 minutes.

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**Section 03**

**After two weeks, you have received an email from Finance Director, Valerie Mizrahi**

From - Director, Valerie Mizrahi

To – Finance Manager

Subject – Capitalizing cost

Hi,

The CEO, Michelle Brennan sent an email **(Reference Material 2**), stating that the implementation of the Digital showroom with AI technology would cost **W$700 million** (apprx). A research process, to be assigned to a prominent firm in Welland, and the development would be dedicated to the internal development process. The CEO also provided an additional comment. **“We will definitely be able to capture development cost as an asset for the next financial statement and I wonder we can capitalize research cost too as an assets”**

* **Can you please explain and justify the above justification to draft a report to be submitted to CEO?**  **[Sub Task (a) = 50%]**

Further provide me the explanation on the below as well which should include to another report.

* **What significant changes can be anticipated in financial and non-financial reporting for the next financial period if this proposition unfolds as expected, other than forecasted revenue?**

**[Sub Task (b) = 50%]**

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**Reference Material 2**

***From – Finance Director, Valerie Mizrahi***

***To - CEO, Michelle Brennan***

***Subject - Projected costing details for Digital showroom with AI technology***

***Dear CEO,***

*In response to your request for projected costing details for the innovation of a digital showroom with Artificial Intelligence, I have compiled a document summarizing the key information about the implementation of the Digital Showroom with AI Technology. Please find below the essential details:*

***Implementation Cost***

***Total Cost - W$700 million.***

***Research Process - W$95 million (Assigned to a prominent firm in Welland).***

***Ongoing Research and Development Cost after 16 months – Projected W$15 million per annum.***

***Internal Development Process - W$550 million – Intending to form an internal team with capable hands to manage the project. 25% of the total cost would be spent during the last 4 months of the projected period.***

***Contingency - 10% of the total cost.***

***Project Period - 16 months****.*

*I assure you that I will present a comprehensive breakdown along with a funding plan in the upcoming meeting.*

*Best regards,*

*Valerie Mizrahi*

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**Section 04**

**Another 2 weeks have passed, the finance director Valerie Mizrahi invites you for a discussion,**

Thank you very much for your contribution to our growth project. Lambros Liavas, the Technology Director, is in the process of preparing a report for submission to the CEO and asking view from us on the same. The focus of this report is to assess how this proposition will beneficial for the entire ecosystem of the industry and our customer segment. **(Reference Material 3**)

Can you explain below as we will have to provide this to Technology Director, Lambros Liavas,

* **Can you explain what 'digital customer expectations' the proposed solution aims to satisfy and how it will impact the growth of the digital ecosystem?**

**[Sub Task (a) = 40%]**

* **Examine how the principles of business process reengineering (BPR) can be leveraged to both justify and implement the Digital showroom with AI solution. This strategic move aims to optimize company resources while embracing technological advancements.**

**[Sub Task (b) = 60%]**

**Reference Material 3**

***From – CEO, Michelle Brennan***

***To – Technological Director, Lambros Liavas***

***Subject – Digital ecosystem and benefits our customers***

***Hi,***

***I hope this message finds you well. Following our extensive discussions in various meetings, it has become evident that we need to carefully identify the potential impact of our proposed solution on our customers and the overall industry ecosystem. As we aim to introduce an innovative idea to the market, understanding these implications is crucial for our strategic planning.***

***We have already identified significant expectations from our customers in their day-to-day operations, such as the need for fast services. It is imperative that we evaluate how our proposed solution aligns with these requirements. If there are gaps, we must be prepared to invest additional efforts to address and meet these expectations.***

***Moreover, the introduction of this innovative solution has the potential to make a substantial difference in the broader ecosystem. To harness the opportunities and effectively mitigate any risks or disadvantages that may arise, a clear understanding of these dynamics is essential.***

***Regards,***

***CEO***

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