



## Mini Mock – Questions

Strategic Case Study – November 2023 / February 2024



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The examination is structured as follows:

Section number	Time for section (minutes)	Number of tasks	Number of sub task/s	% Time to spend on each sub task
1	60	1	3	(a) 25% (b) 25% (c) 50%
2	60	1	2	(a) 60% (b) 40%
3	60	1	2	(a) 50% (b) 50%

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 summarized in the table above).

This information will be available for you to access during the examination by clicking on the Pre-seen button.



## Section 1 (60 mins)

**You receive the following email from Filiz Yildiz, the CFO.**

**To:** Senior Finance Manager

**From:** The CFO

**Subject:** Cobots, Governance and Sustainability

Dr. Hassan Khattaf (Director of Research) has briefed the board on a groundbreaking development. The R&D team has engineered a new cobot, notable for its light weight and high load capacity, promising substantial client cost savings.

Beyond cost efficiencies, the cobot operates on cleaner fuels, reflecting a commitment to sustainability and energy efficiency. This aligns with global environmental goals and positions the cobot as a forward-thinking, eco-friendly solution in the market.

Financial Analysts have commented that the forecasts for Robobryce are optimistic, predicting revenue growth and a beta increase, attributed to the cobot's cost efficiencies and eco-conscious appeal. This development holds potential to significantly shift market dynamics in favour of Robobryce.

- Explain the Financial Analyst's comment, with regards to introducing the new cobots into Robobryce's product portfolio. ***[Sub task (a) – 25%]***



Further, Eamonn McCauley (COO) has highlighted the fact that the workload of board members has increased significantly due to the planned diversification. He has thus suggested that it is prudent to increase salaries of all Executive Directors.

- Evaluate the Operations Director’s suggestion with regards to salary increments. ***[Sub task (b) – 25%]***

On an unrelated matter, I am sharing an article which was published on “Environmental Watch” one of the most popular weekly magazines in Tessland. Please refer to the attachment.

- Hope you can provide recommendations with reasons, describing the strategy which Robobryce needs to adopt to minimize the impact of Carbon laws. ***[Sub task (c) – 50%]***

Regards,

*Filiz*

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## Reference Material

### The Warehouse Automation Industry: A Silent Polluter?

The warehouse automation industry can have a significant impact on the environment and contribute to pollution in various ways. Here are some examples.

**Manufacturing pollution:** The production of automation equipment involves the use of various materials and manufacturing processes. This can generate significant emissions and other pollutants, especially if not managed responsibly.

**Energy consumption:** Increased energy use, especially from non-renewable sources, can contribute to higher greenhouse gas emissions and other pollutants. Manufacturing processes adopted within the industry results in emission of carbon dioxide (CO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter (PM) that can harm the environment and public health.

**Resource depletion:** The creation of automated machinery & robots requires substantial raw materials, including rare earth elements and metals. The extraction & processing of these materials can lead to resource depletion, habitat destruction, & environmental pollution.

**Electronic Waste:** Automated systems and robots have a finite lifespan and eventually become electronic waste. E-waste is challenging to recycle and often ends up in landfills, where it can leach toxic substances into the soil and water.

**Noise & light pollution:** Automated warehouses may contribute to increased noise and light pollution in their surrounding areas. This can disturb local ecosystems and negatively impact the health and well-being of nearby communities.

These issues have been highlighted by many leading environmentalists and is gaining a lot of traction. Environmentalists stated that the leaders within the industry such as Robobryce and Pavrobot are to be blamed.

The Tesslandian government is also planning to impose strict emission laws on the industry, given the pressure created by these environmentalists, at the same time sticking to its election promises.

## Section 2 (60 mins)

**Filiz Yildiz, the CFO hands you an excerpt of a document sent by the Head of IT.**

Robobryce's Customer Relationship Management system (CRM) was breached last night. I must rush to an emergency board meeting right now. Please email your response as soon as possible.

- Describe the type of actions we can take in response to the data breach and explain the strategic implications of these actions. ***[Sub task (a) – 60%]***
- Recommend the objectives that the board should set for the Head of IT of Robobryce, within the first 48 hours of the breach. ***[Sub task - (b) – 40%]***

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## Reference Material

### Excerpt from Urgent Meeting: CRM Security Breach

*“Regrettably, a data breach occurred at approximately 10 pm yesterday. Following the incident, the company's maintenance engineers conducted an initial investigation and discovered that clients attempting to access their user accounts via our CRM were redirected to an unrelated page, citing a data security requirement.*

*Subsequently, users were prompted to re-enter their login credentials. Hackers accessed the personal information of clients who provided their user IDs and passwords.*

*The compromised information includes the client's name, employer's name, job title, date of birth, address, phone number, email address, and credit card numbers. Although the credit card details were accessed, the customer verification numbers (the three-digit validation code) remained secure, as the company does not store this information.*

*Investigations are still ongoing, and we are yet to get to the root of the problem”.*



### Section 3 (60 mins)

**A month later, you receive the following e-mail from Filiz Yildiz (CFO).**

I have attached a scanned copy of a letter that has been circulated to the board.

Cesco has an excellent reputation in the development of warehouse management systems (WMSs). The company is based in Ceeland whose currency is the C\$. Cesco insists on being paid in its home currency because it stronger than the T\$. The exchange rate is presently T\$ 3.00 = C\$ 1.00.

I'm interested in your opinion on two matters.

- Recommend with reasons how we should finance the hardware and setup costs of C\$ 300 million and the first-year licence fee of C\$ 200 million.

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

- Recommend with reasons the approach that we should take to manage the currency risks associated with the annual licence fee in future years.

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

-----REFERENCE MATERIAL IS AVAILABLE ON THE NEXT PAGE-----





## **Reference Material**

Dear CEO,

### **Proposal for Upgrading Robobryce's Warehouse Management System with Cescio.**

We appreciate your consideration in choosing Cescio for your Warehouse Management System needs. The information about the type of services provided are as follows.

- **Initial Hardware and Setup:** Cescio will provide a comprehensive package of scanners, complete with integrated communication modules, to fully equip Robobryce's managerial team, warehouse workforce, and autonomous technology within your facility. Additionally, we will install and validate the performance of Cescio's proprietary software. The entire setup is priced at C\$ 300 million.
- **Annual Licensing Fees:** An advance annual payment of C\$ 200 million is required for the software license. This fee covers ongoing maintenance and updates tailored to meet Robobryce's specific requirements.

Feel free to contact us on [contact@cescio.com](mailto:contact@cescio.com) for more information.

Regards,

Jack Newman

Sales Manager: Corporate Clients

Cescio Ltd.

