

## Pseudo crisis case

A drop in internet giant Google's stocks with 8% at the end of the working day lead to a collapse in few indices at the NY stock exchange. This is a result from the preannouncement of the company's report showing low incomes and 20% decrease in profit compared to the same period for last year.

Stocks were traded at \$754 but after the release of the report their price collapsed to \$676. Then Google stopped trading for two and a half hours at \$687. When trade was reopened, Google's stocks went up slightly but after all dropped with 8% or \$60.49, reaching \$695 at the end of the day.

All that lead to writing off of assets for \$19.8 billion of company's market value and a decrease of 1% of high-tech enterprises index NASDAQ. Other indices closed the day with smaller losses. NASDAQ dropped with 31 points to 3.073. The industrial index Dow Jones fell with 8 points to 13.549, while Standard & Poor's 500 index fell with 4 points to 1457.



Experts believe that the reason for the worse results of the net incomes is related to the recent acquisition of the unprofitable Motorola Mobility for \$12.5 billion.

Your company Google, of course, is affected the most – you are facing a great corporate challenge to improve the financial results. Normally in such a situation Google needs to undertake certain actions to keep its leading position. That allows the company to fully use its capacity - administrative, technological, social, financial, etc. However before undertaking any actions a detailed analysis should be conducted: potential development scenarios of the industry (specific environment) and of the economy (general environment).

**Your task is to:**

1. Make a well-grounded analysis of the problem situation – in regards to the specific as well as to the general environment.
2. Bearing in mind the analysis you have done, describe with arguments seven possible future states of the environment (seven possible future scenarios that are mutually exclusive). The analysis should cover a future period of one year.

Notes for p.2: The easiest way to define possible future scenarios is:

- 1) Define few external factors of the environment. (e.g. `The price of petrol`, `New competitors entering the market`)
- 2) For any of the factors define two or more possible states. (e.g. `The price of petrol is raising`, `The price of petrol is reduced`, `The price of petrol has not changed`)
- 3) Define combinations from the states of at least two of the factors. (e.g. `The price of petrol is raising` and `Many new competitors are entering the market`). Each of these combinations is a possible future scenario. You need to describe the most realistic ones from the possible scenarios. Write a detailed description of each scenario.

3. Suggest actions of the company Google for each of the scenarios that are described.

NOTE: Your argumentation should be very specific and based on facts.

[Some examples for the assignment are available here...](#)

**I. Remarks on delivery:**

- 1) There is no strictly required form of the solution – so it may be in text format, presentation, website, video, etc. If you think that there is a chance that the format you are using is not widely available, please make sure to save it in different versions so that any evaluator could open it easily.
- 2) Make sure that you add a list of the authors AND their fac. numbers to your assignments. Whoever is NOT in the list (i.e. is “fired”) does NOT earn any point for the assignment. The team with the most fired people receives a bonus for being good at disciplining the team members.
- 3) Archive ALL your files to RAR or ZIP and name the archive as your team code e.g. “X05.rar”, even if you have prezis, or videos). Your file should be less than 100 MB, but have in mind that larger files would take longer to upload.
- 4) You should deliver your solution no later than the set deadline on the following URL: <https://www.dropbox.com/request/8PyEZKFSq3fCmBG10NJC>
- 5) You should fill-in both fields for “First name”, “Last name” as the code of your team
- 6) In case of any issues, send me a message immediately, so that we figure out a solution.

## II. Evaluation criteria of the assignment:

1. Looks & formatting (0-2 points)
  - Functional aesthetics (0-1 points)
  - Logical framework (0-1 points)
2. Correct methodology & participation (0-5 points)
  - Participation (0-1 points)
  - Initial analysis of the environment (0-1 points)
  - Generated 7 mutually exclusive scenarios (0-1)
  - Detailed description of each scenario (0-1)
  - Description of reactions of Google (0-1)
3. Systematic analysis (0-4 points)
  - Proven in-depth arguments (0-3 points)
  - Discovered relations & additional info (0-1 points)
4. Bonus effort (0-2 points)\*
  - Useful & original ideas
  - Useful texts
  - Useful annotated links
  - Useful video

\* The bonus points are given for extra effort, which results in original contribution to the educational process, with the relation to this or other connected cases. On some occasions the total bonus may sum up to more than 2 points. On some even more extraordinary occasions the given bonus may be given as outside points (in the column "Additional").