

MIT OpenCourseWare
<http://ocw.mit.edu>

15.997 Practice of Finance: Advanced Corporate Risk Management
Spring 2009

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.

Case Assignment #2: Aspen Technology

Aspen's Business Strategy and Its Exchange Rate Exposure

1. How does a changing exchange rate affect Aspen? Focus first on its booked sales.
2. How might the exchange rate affect Aspen's long-run competitive position?
3. How does Aspen's business strategy create its exposure?
4. Could the company change its strategy and thereby its exposure without hedging using financial instruments?

Quantifying the Exposure With and Without the Hedge

5. Can you measure Aspen's exposure, before taking into account its hedging strategy? Is it long or short each of the relevant currencies? How much?
6. Describe Aspen's hedging strategy? Does it eliminate all of the exposure? Is it long or short each of the relevant currencies after taking into account its hedge? How much?