Class announcements

- Assignment 3 due Tuesday 10/18
- Project Proposal due Thursday 10/20
  - See guidelines on Class Webpage.
- Reading for next class
  - Messerschmitt Ch 4
- Student Presentations Tuesday 10/18
  - Brandi Carter
  - Lilian Nguyen
- Midterm on 10/25
  - Less than 2 weeks from today!
Student Presentation

Karlen Knight
Cisco Summary

Success Factors

- Cross-Functional Team of top people
  - People from across the company involved
- Hungry Vendors
  - Oracle and KPMG needed this to succeed
- Strong Support from Top Management
- Favorable Hardware Contract
- Rapid Prototyping
- Aggressive pace

Good management or luck?
Cisco Summary

Challenges

- Poor testing Strategy
- Inadequate Hardware
- Software required more modifications than originally hoped.
Cisco Summary

What did it cost?

Costs Beyond original budget:

Non-IT Personnel In Project

- $10 million

IT-Personnel beyond original 20

- $5.7 million

Actually cost more than 15 million more than the original budget of $15 million!

Was this really a success?!
E-Commerce

- **Major Categories**
  - **Consumer (B2C)**
    - Example: Amazon.com sells books to consumers.
  - **Inter-consumer (C2C)**
    - Example: eBay
  - **Inter-enterprise (B2B)**
    - Example:
E-Commerce Principal Steps

- Matching buyers and sellers
- Negotiating terms
- Consummation
- Customer service
Matching Buyers and Sellers

- **Catalog**
  - Seller publishes a catalog of goods and services
  - Willing buyers access at their initiative

- **Advertising**
  - Attach advertisements to other publications or web pages
  - Example: Spam

- **Intermediary Recommender**
  - Examples?
Intermediaries?

- What rolls should intermediaries play in the networked age?

- What intermediary rolls may change or even be eliminated?
  - Travel Agents?
  - Others?
Negotiating Terms

- **Fixed price**
- **Price based on buyer characteristics**
  - History
  - Demographics
  - Behavior
  - Sequential versioning
  - Examples?
    - (Airlines, Hotwire, TurboTax)
- **Auctions**
Consummation

- Order

- Fulfillment
  - Seller conveys goods to buyer

- Payment
  - Buyer conveys payment to seller

- Security?
  - Need to ensure both fulfillment and Payment occur.
Payment options

(Topic of Chapter 14)
Account transfer authorization
Credit/debit card
Digital cash

Micropayments

- Low transaction costs
- Consolidation
Customer Support

- Often need to provide post-sales service to the customer
  - In person
  - Over telephone
  - Via Network
    - Email
    - Remote conferencing
    - FAQ board
    - Automatic distribution of new versions or patches
Customer Relationship Management

- The challenge of maintaining the relationship with a customer is called **Customer Relationship Management** (CRM).

- CRM software applications seek to provide customer-facing employees a complete view of each customer:
  - What they’ve bought and returned.
  - What problems they’ve reported.
  - What other agents they’ve talked to in the past.

- An opportunity to add value.
E-Commerce

- **Major Categories**
  - Consumer (B2C)
  - Inter-consumer (C2C)
  - Inter-enterprise (B2B)
Consumer e-commerce (B2C)

- What have you bought on the Internet, or what do you buy most often?

- What are the advantages and disadvantages compared to a retail store or direct mail catalog?
Some Advantages

- For the Consumer
  - Check prices at many vendors with minimal effort
  - Price many options
  - Anonymity
  - Order tracking

- For the Business
  - Global reach
  - Automate order taking (cost savings)
  - Price Discrimination
Inter-Consumer (E-commerce)

- Prime Example
  - E-Bay

- Other examples?

- What value does something like E-bay add over a simple classifieds listing like craigslist?
Inter-Enterprise E-Commerce (B2B)

- **Procurement**
  - One enterprise purchases goods or services from another

- **Direct Procurement**
  - Ongoing, consistent, and scheduled procurement

- The relationship between firms involved in direct procurement often called a **Supply Chain**

- The set of problems associated with managing a supply chain is called **Supply Chain Management (SCM)**
**SCM**

- Need to manage the procurement of parts
  - Don’t run out of any one
  - Don’t order too many
  - Order far enough in advance

- Ideally
  - Know in advance
    - # cars
    - features
Thousands of orders per day, each with different requirements!

Adjusting orders from suppliers constantly according to demand

Minimal inventories

- Cut costs
- Much more sensitive to errors or disruptions

**mass customization** requires sophisticated SCM
Networked Computing in direct Procurement

- History predates Internet
- **Electronic Data Interchange** (EDI)
  - Exchange order information between firms involved in direct procurement
  - Usually large firms who could afford proprietary communication links
  - Initially order and invoice
  - Existed since 70's
- **Financial EDI** (FEDI) later added EFT payment capability
Networked Computing in direct Procurement

- XML (Extensible Markup Language) is another data interchange format making an impact on inter-enterprise commerce.

- We will talk more about this later in the quarter.
Indirect Procurement

- Sporadic purchase of goods and services to support organizational objectives
  - Example: Office Furniture