Class announcements
- Assignment 3 due Tuesday 10/24
- Project Proposal due Today
- Reading for next class
  - Messerschmitt Ch 4
- Student Presentations Thursday 10/19
  - Ashley Atkins (news)
  - Cristina Valencia (news)
- Midterm on 10/26
  - That's Thursday of next week!!

Student Presentation
Rahmi Alemeddine

Cisco Review
- Team of people from all types of departments
  - "cross-functional team"
- Was this necessary? What did it cost?

Vendor Selection
- KPMG consultants
- Oracle ERP
- Good selection? Why were they "hungry?"

Top Management made it a priority
- What effect did this have?
Cisco Review

- Rapid Iterative Prototyping?
  - What was this?
  - Was it a good strategy?
  - Was aggressive pace good, or reckless?

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
- 80 personnel X 8 months X 160 hours / month X 100 hour = $10 million
IT-Personnel beyond original 20
- 80 personnel X 4.5 months X 160 hours / month X 100 hour = $5.7 million

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

E-Commerce

- Major Categories
  - Consumer (B2C)
    - Example: Amazon.com sells books to consumers.
  - Inter-consumer (C2C)
    - Example: e-bay
  - 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)*

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**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

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**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

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**Indirect Procurement**

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

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**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.
Alibris

- Why did Interloc succeed so early on?

- If Interloc is so successful, why change it?

  - What will change as Interloc becomes Alibris?

Alibris

- Why did Manley feel they needed the Sparks facility?

- How does the Sparks facility keep them from becoming disintermediated?

- Should Alibris actually buy books and fill up the Sparks facility?
Alibris

- Why is Alibris having so much trouble setting up simple e-commerce capabilities?
- Is this really that hard??
- Is it rare for a new-software product from an established, reputable vendor not to work properly?

Alibris

- Should Alibris stick with Oracle? Or switch back to Thunderstone?

Alibris

- Should Manley take the "white knight's" offer and fire the whole IT staff??!

Alibris

- Rejects "white knight" offer
- Manley secures another bridge loan
- Goes Live 1998
- Thunderstone's software works ok
- 1 million books at Sparks warehouse by 2000
  - Originally all on consignment from dealers
  - Later, purchases books
- 2002 - Revenue $31 million, loss $9.2 million
- 2003 - Revenue $45.5 million, loss $4.8 million
- March 2004 files for "auction based" IPO
  - May 2004, withdraws IPO after price too low
  - Still Relying on Private Financing