Class announcements

- Assignment 3 due Tuesday 10/30
- Project Proposal due Today
- Reading for next class
  - Messerschmitt Ch 4
- Student Presentations Thursday 10/25
  - Jordan Lee (News)
  - Elisabeth Dakhil (News)

Student Presentation

Alyson Ng (News)

Cisco Review

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

Cisco Review

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

Cisco Review

- 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 Review

- Project justification
  - Did they do a RoR or NPV analysis to justify the project?

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!

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 roles should intermediaries play in the networked age?
- What intermediary roles 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 who 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
Break

Student Presentation
Joel Reber

Alibris
- Why did Interloc succeed so early on?

Alibris
- 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?

Alibris
- 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??!

- 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 $7.2 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