Class announcements

- Folio Article 1 due today
- Assignment 3 due Tuesday

- Reading for next class
  - Messerschmitt Ch 5, Sun Case
  - Suggestion: Read Messerschmitt Ch 5 first.

- Student Presentations Tuesday.
  - Justin Lazaro (Sun-N Tier Case)
  - Jimmy Chen (news)

Student Presentations

- Joey Chakraborty (News)
- Stephanie Castaneda (News)

Alibris

- Why did Interloc succeed so early on?

- 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?

- What problems is Alibris having with its e-commerce capabilities?

- 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?

- 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 $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

E-commerce, continued...
E-Commerce

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

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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?

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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

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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?

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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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SCM

- 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