ISM 50 - Business Information Systems

Lecture 9

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Class announcements

- Folio Article 1 due today
- Assignment 3 due Tuesday

Reading for next class
- Messerschmitt Ch 5, Sun Case
- Suggestion: Read Messerschmitt Ch5 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?
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

- 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?
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)
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