Class announcements

- Assignment 2 due Today!
- Assignment 3 out tonight (due 1 week from today)
- Project Proposal due April 25
  - See guidelines on Class Webpage.
- Reading for next class
  - Messerschmitt Ch 4
- Student Presentations next week (April 18th)
  - Robert George Hermann (news article)
  - Jessica Le (news article)

Class announcements

- Business Paper Proposal due April 25
  - See webpage for requirements
  - I recommend you start soon!
- Midterm April 27
  - 2 weeks from today!
  - Study:
    - Terms
    - ROI calculations
    - Case Studies

Student Presentation

Clayton Laje

Frito Lay

- HHC deployed to LA area first, a region that won a sales award.
  - By the end of the 80's
    - HHC deployment completed
    - Development of Information Systems to process HHC data to support operations.
  - Early 90's re-org to decentralize decision making to different regions

- 1985
  - Revenue: $2847
  - Profit: $401
- 2004
  - Revenue: $9091
  - Profit: $2366
  - Revenue growth ~ 6% per year on average
E-Commerce

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

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.

CRM Example

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

Sophisticated 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
- Sophisticated SCM enables mass customization

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
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

Break

Alibris Case QUIZ!!! Closed Books!

1) What is different about what Alibris sells vs. what Amazon sells?

2) Who supplies Alibris with its product?

3) Did Alibris decide to ship its products directly from the suppliers to the customer? If not, what did it do and why?

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?

Alibris

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