Class announcements
- Assignment 3 due Tuesday 4/27
- Project Proposal due Today
- Reading for next class
  - Messerschmitt Ch 4

Student Presentations

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

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 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

**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:
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)**
### 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

### 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

### 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

### 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
Student Presentation

Bradon Espinoza

---

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??!

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

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