Outline

- Announcements
- ERP
- Student Presentation
- E-commerce (cont’d)
- Student Presentation
- Information Technology
Announcements

- Key for Assignment 2 will be on web site
- MIDTERM next Tuesday, February 8
Announcements

- **Mid-quarter Feedback**
  - On Thursday
  - Your opinion counts!

- **Reading for next class**
  - *Messerschmitt Ch 5 (139-154)*
  - *Sun-N Tier Case (145-164 + figs)*
    - SUGGESTION: Start with Messerchmitt
  - This material will NOT be included in the midterm
Announcements

Forthcoming presentations

- Feb 3
  - Raashi Bhatnagar (news story)
  - Omar Alexander Calles (Case: Sun-N Tier)

- Send me your slides the night before
  - Failing to do so will result on losing points

- All previous presentations are online
  - Open the presentation list and follow the links
Review: ERP applications

- ERP applications support different business processes that are standardized across organizations
  - Accounting, sales, HRM, material management, CRM, supply chain management, project management, etc...

- Key features:
  - Multi-functional
  - Integrated
  - Modular
The application suite

[Diagram showing the interactions between Supplier, Company, and Customer with arrows connecting PLM, SRM, ERP, CRM, and SCM]
## SAP ERP Solution Map

<table>
<thead>
<tr>
<th>End-User Service Delivery</th>
<th>Shared Service Delivery</th>
<th>SAP NetWeaver</th>
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<tbody>
<tr>
<td>Analytics</td>
<td>Financial Analytics</td>
<td>Operations Analytics</td>
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<tr>
<td>Financials</td>
<td>Financial Supply Chain Management</td>
<td>Treasury</td>
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<tr>
<td>Procurement and Logistics Execution</td>
<td>Procurement</td>
<td>Inventory and Warehouse Management</td>
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<tr>
<td>Product Development and Manufacturing</td>
<td>Production Planning</td>
<td>Manufacturing Execution</td>
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<tr>
<td>Sales and Service</td>
<td>Sales Order Management</td>
<td>Aftermarket Sales and Service</td>
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<tr>
<td>Corporate Services</td>
<td>Real Estate Management</td>
<td>Enterprise Asset Management</td>
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Student Presentations

- Feb 1
  - Alan Mah (case: Alibris)
  - Grecia Rivera (news story)
  - Brett Louis Boles (news story)
Review: E-Commerce

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

- Amazon.com
- Travelocity
- Fry's Electronics
- Zappos.com
- Barnes & Noble Booksellers
- Nordstrom
- Buy.com
Consumer e-commerce (B2C)

- 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
  - Anonymity
  - Mass customization
  - Order tracking
  - Recommendations

- For the Business
  - Global reach
  - Automate order taking (cost savings)
  - Price Discrimination
Recommender Systems

How do they work?

What do customers ultimately buy after viewing this item?

- 74% buy the item featured on this page:
  Canon PowerShot A630 8MP Digital Camera with 4x Optical Zoom
  $215.40

- 9% buy
  Canon PowerShot A540 6MP Digital Camera with 4x Optical Zoom

- 7% buy
  Canon PowerShot A640 10MP Digital Camera with 4x Optical Zoom
  $279.99

- 5% buy
  Canon PowerShot A710 IS 7.1MP Digital Camera with 6x Image-Stabilized Optical Zoom
  $250.99

Customers who bought this item also bought

- Lexar Media 1 GB Secure Digital Memory Card (SD1GB-231) (Retail Package) by Lexar
- Sony FCC-34EF4 Super-Quick Worldwide Battery Charger with 4 AA NiMH Batteries by Sony
- Canon PSC-05 Deluxe Soft Case for A550, A560, A570IS, A630, A645, A700 & A710IS Digital Cameras by Canon
- 2GB Secure Digital by SanDisk

Explore similar items: Electronics (22) Camera & Photo (13)
C2C Examples

CarSoup

ebay

Yahoo! Shopping Auctions
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*
Supply Chain Management (SCM)

SCM is the set of activities associated with managing a supply chain.
SCM (supply chain management)

- 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 - Mass customization

- 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

- **Electronic Data Interchange (EDI)**
  - Exchange order information between firms involved in direct procurement
  - Existed since 70's
  - Usually large firms who could afford proprietary communication links
  - Initially order and invoice

- **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
Indirect Procurement

- Sporadic purchase of goods and services to support organizational objectives
  - Example: Office Furniture, office supplies, etc.
The Founding of Alibris

- In the rare, used, and out-of-print book business.
- Started as a small business named Interloc.
- Interloc’s website
  - just a bulletin board service, or BBS, which only connected book buyers with various locally based suppliers from all over the country.
- Interloc made money by charging dealers a fee for listing their books on Interloc’s servers.
- Consisted of 1,300 dealers and 5 million books.
Interloc Becomes Alibris

- Marty Manley meets with investors and becomes CEO of Alibris.
- Must turn Alibris into an e-commerce company so Amazon can use it.
- They face big IT problems
  - 5 million books come from many individual dealers with different prices and conditions of sale, all of which needed to be catalogued, searchable, and reliable.
Alibris Goal

- World wide place order with Alibris, first send from dealer,
- Fast Search (used by Amazon)
- Then controlled shipping/customer service
  - Sparks facility
- Increase their order fill rate and only do business with dealers with over 1,000 books in stock
- Collect 20% of sales and increase the sale price of the books.
IT Challenges

- Move database from Massachusetts (Interlock) to California
- Each book was a separate record
- Used Oracle's off-the-shelf eCommerce software
  - bugs and didn't work because it was so new.
- IT crisis drains money supply
- T1 connection didn't work for a very long time.
- Ended up with a totally customized eCommerce software after spent a fortune on Oracles software.
Solution - results

- Thunderstone solved the crisis
  - unsure if a small company can do it
  - Thunderstone could handle their software needs
- An investor offered 200,000 to keep the company afloat - demanded control over the company and the firing of most of the IT staff.

- This case shows that a start-up can’t be run by consultants.
- Alibris now has over 60 million used, new, and out of print books.
Why did Interloc succeed so early on?
Alibris

- If Interloc is so successful, why change it?

- What will change as Interloc becomes Alibris?
Why did Manley feel they needed the Sparks facility?
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?
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 in 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
  - Relying on Private Financing (venture capital) until 2006 when it was purchased by a private equity firm
Data and information

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Key concept

- The key commodity manipulated by information technology is information.
- In order to be manipulated in a computing/networking environment, information must be represented by data.

What is information?

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Information

- From a user (human) perspective...
  ....recognizable patterns that influence you in some way (perspective, understanding, behavior...)

- In the computing infrastructure, information has a somewhat different connotation as structure and interpretation added to data
Data

A bit is “0” or “1” — the atom of the information economy

Data is a collection of bits, like
- “010110111010110”
- “0000011”
- “111011101011010101111011011010”

Note: the terms data and information are not always used consistently!
Data -> Information

- Data itself does not represent anything meaningful
  - E.g. “101111”

- Should also know:
  - Structure
  - Interpretation mechanism

- This representation is necessary in order to recover the information
  - It is not unique!
Example

- **Bits:** 0, 1
- **Data:** A sequence of bits
  - 101111
- **Interpretation, Structure:**
  - Base-2 number (least significant bit is on the right)
  - Represents a number
    - $101111 \rightarrow 2^5 + 2^3 + 2^2 + 2^1 + 2^0 = 47$
- **In a higher level this number may represent something else**
  - E.g. The amount of $$$ in my bank account :( 

Data Representation

- Takes the place of the original
- Equivalent to, in the sense that the original can be reconstructed from its representation
- Often the original can only be approximately reconstructed, although it may be indistinguishable to the user
  - e.g. audio or video
### ASCII

**American Standard Code for Information Interchange**

<table>
<thead>
<tr>
<th>Alphabet</th>
<th>Hex</th>
<th>Binary</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;7&gt;</td>
<td>/x37</td>
<td>00110111</td>
</tr>
<tr>
<td>&lt;8&gt;</td>
<td>/x38</td>
<td>00111000</td>
</tr>
<tr>
<td>&lt;9&gt;</td>
<td>/x39</td>
<td>00111001</td>
</tr>
<tr>
<td>&lt;&gt;</td>
<td>/x3A</td>
<td>00111010</td>
</tr>
<tr>
<td>&lt;=</td>
<td>/x3B</td>
<td>00111011</td>
</tr>
<tr>
<td>&lt;&lt;</td>
<td>/x3C</td>
<td>00111100</td>
</tr>
<tr>
<td>&lt;=&gt;</td>
<td>/x3D</td>
<td>00111101</td>
</tr>
<tr>
<td>&lt;/&gt;&gt;</td>
<td>/x3E</td>
<td>00111110</td>
</tr>
<tr>
<td>&lt;&gt;?</td>
<td>/x3F</td>
<td>00111111</td>
</tr>
<tr>
<td>@@</td>
<td>/x40</td>
<td>01000000</td>
</tr>
<tr>
<td>A&gt;</td>
<td>/x41</td>
<td>01000001</td>
</tr>
<tr>
<td>B&gt;</td>
<td>/x42</td>
<td>01000010</td>
</tr>
<tr>
<td>C&gt;</td>
<td>/x43</td>
<td>01000011</td>
</tr>
<tr>
<td>D&gt;</td>
<td>/x44</td>
<td>01000100</td>
</tr>
</tbody>
</table>

- Character encoding (128 characters = $2^7$)
- Note that this representation is not unique...
- ....this one happens to be a standard (ANSI X3.110-1983)

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A picture

This picture conveys information

This information is represented in this computer, but how?

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Representation of picture: image

Expanding a small portion of the picture, we see that it is represented by square pixels....

....300 tall by 200 wide....

....with a range of 256 intensities per pixel

$300 \cdot 200 \cdot 8 \text{ bits} = 480,000 \text{ bits (but it can be compressed)}$

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Color picture

A color picture can be represented by three monochrome images...

RGB

...at the expense of three times as many bits

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Terminology

Information

Representation

Communicate data to another user or organization

Data

Data processing

Information

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Representation needs to be standardized

If the representation is not standardized, the information is garbled!

Communicate data to another user or organization

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Regeneration

- Make a precise copy of the data (copy bit by bit)
- If you know the representation, this is equivalent to making a precise copy of the information
- Each such precise copy is called a generation
- The process is called regeneration
Replication of information

Anything that can be regenerated can be replicated any number of times.

This is a blessing and a curse.
Analog information cannot be regenerated

Analog information can be copied, but not regenerated

We will never know exactly what the original of this Rembrandt looked like
Discrete information can be regenerated

Regeneration can preserve data (but not its original physical form)

Regeneration is possible for information represented digitally (which is tolerant of physical deterioration)

0 + noise ≈ 0
1 + noise ≈ 1
Replication of information requires knowledge of representation.

Replication of information also presumes knowledge of its representation.

Replication preserves the integrity of the data, but that is not sufficient.

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Implications

- Digitally represented information can be preserved over time or distance in its precise original form by occasional regeneration
  - digital library
  - digital telephony

- Replication of data is easy and cheap
Implications (con’t)

- Replication of information requires knowledge of the structure and interpretation
  - Standardization or some other means

- You can give away or sell and still retain

- Unauthorized replication or piracy relatively easy

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