**Class Announcements**

- Project proposals due on 1/29!!
  - 2-3 pages
  - Give a plan what you will cover in report
  - Cite some references, and show that you have started your research!
  - Remember references must be cited in the body of the text with footnotes or end notes.

**MRP evolves into ERP**

- A common software architecture with modules to support different business functions.
  - Accounting, finance, sales, HRM, material management, etc...
- **Key features:**
  - Multi-functional
  - Integrated
  - Modular

**Business Papers**

- Submission:
  - Designate 1 group "leader"
  - Have that person email their name to the TA
  - Each group's "leader" submits electronically on e-commons

**Database Tutorials**

**JANUARY**

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- Oakes College 205
Questions

- How standardized are organizational processes?
  - Customer service
  - Finance
  - Manufacturing

Fundamental options

- Customize the application to existing organization?
- Mold organization to off-the-shelf application?
  - Is software a good way to propagate best practices?

Customer Loyalty Management Process Map

This process map shows how a best practice for promoting customer loyalty through customer service would be modeled by customer relationship management software. The CRM software helps firms identify high-value customers for preferential treatment.

CRM Software

- CRM packages typically include tools for:
  - Sales force automation (SFA)
    - E.g., sales prospect and contact information, and sales quote generation capabilities
  - Customer service
    - E.g., assigning and managing customer service requests; Web-based self-service capabilities
  - Marketing
    - E.g., capturing prospect and customer data, scheduling and tracking direct-marketing mailings or e-mail

Operational and Analytical CRM

- Operational CRM:
  - Customer-facing applications such as sales force automation, call center and customer service support, and marketing automation
- Analytical CRM:
  - Analyzes customer data output from operational CRM applications
  - Based on data warehouses populated by operational CRM systems and customer touch points
  - Customer lifetime value (CLTV)
Analytical CRM uses a customer data warehouse and tools to analyze customer data collected from the firm’s customer touch points and from other sources.

Business Value of Customer Relationship Management

- Business benefits:
  - Increased customer satisfaction
  - Reduced direct-marketing costs
  - More effective marketing
  - Lower costs for customer acquisition/retention
  - Increased sales revenue

- Churn rate:
  - Number of customers who stop using or purchasing products or services from a company
  - Indicator of growth or decline of firm’s customer base

Enterprise Application Challenges

- Highly expensive to purchase and implement enterprise applications—total cost may be four to five times the price of software
- Technology changes
- Business process changes
- Organizational changes
- Switching costs, dependence on software vendors
- Data standardization, management, cleansing

Unique Features of E-commerce Technology

- Richness
  - Supports video, audio, and text messages
Unique Features of E-commerce Technology

- Interactivity
  - The technology works through interaction with the user
  - Effect:
    - Consumers engaged in dialog that dynamically adjusts experience to the individual.
    - Consumer becomes co-participant in process of delivering goods to market.

- Information density
  - Large increases in information density—the total amount and quality of information available to all market participants
  - Effect:
    - Greater price transparency
    - Greater cost transparency
    - Enables merchants to engage in price discrimination

- Personalization/Customization
  - Technology permits modification of messages, goods
  - Effect:
    - Personalized messages can be sent to individuals as well as groups.
    - Products and services can be customized to individual preferences.

- Social technology
  - The technology promotes user content generation and social networking
  - Effect:
    - New Internet social and business models enable user content creation and distribution, and support social networks.

Key Concepts in E-commerce: Digital Markets and Digital Goods In a Global Marketplace

- Digital markets reduce
  - Information asymmetry
  - Search costs
  - Transaction costs
  - Menu costs

- Digital markets enable
  - Price discrimination
  - Dynamic pricing
  - Disintermediation