


Information Systems ISM 3011

Fall 2004
Unit 8A

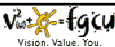
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Wednesday: Online Unit (no classes)

- Will be available on the course Web page by Wednesday morning 10:00 a.m.
<http://ruby.fgcu.edu/Courses/mhepp/>
- Relevant for the quiz on Monday!


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Assignment for Next Monday

- Chapter 9; self-assessment test; review questions 4, 6, and 7

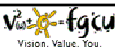
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An Introduction to Electronic Commerce




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What is E-Commerce?

- **Any** form of business operations between **any** two parties using digital communication **over open networks**, especially the Internet.

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Introduction to Electronic Commerce

- Business-to-consumer (B2C) e-commerce
- **Business-to-business (B2B) e-commerce**
- **Consumer-to-consumer (C2C) e-commerce**

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Why is E-Commerce so popular?

- Reach
- Common Infrastructure
 - As soon as one is connected to the Internet, one can use **all** online services
- Speed and Asynchronous communication
- High degree of automation
- Ease-of-use, richness (e.g. images)

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Further Advantages

- High degree of automation
- Ease-of-use
- Richness (e.g. images, sounds,...)
- Interactivity
- Personalization

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Example



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Example (2)




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Example (3)

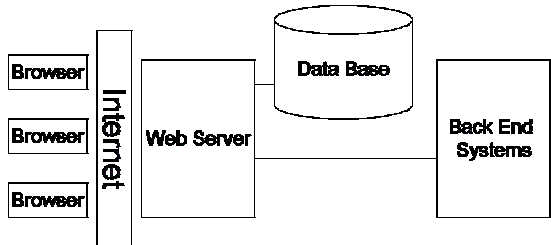
Paper Media Integration



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Very Basic Infrastructure



```

graph LR
    B1[Browser] --- I[Internet]
    B2[Browser] --- I
    B3[Browser] --- I
    I --- WS[Web Server]
    WS --- DB[(Data Base)]
    WS --- BE[Back End Systems]
    
```

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...but: not limited to product information and ordering

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13

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Multistage Model for E-commerce

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14

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E-Commerce Delivery of Tangible Goods

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FIGURE 8-2
Product and Information Flow for HP Products Ordered over the Web

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The Key to Success: Back-end Integration

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FIGURE 8-4
Web-Based Order Processing Must Be Linked to Traditional Back-End Systems

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From “Make” to “Buy”

- Malone/Yates/Benjamin (1987!): “Electronic Markets and Electronic Hierarchies”
 - Computer-based trade processes reduce the transaction costs and trigger a shift towards the usage of markets.
- Transaction cost: The cost of using the market mechanism (Coase 1937)

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17

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Prominent Proof: eBay

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18

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Reduced Transaction Costs – Increased Market Volume



eBay:
Active Users: 34.1 million
Gross Merchandise Sales (GMS): \$5.6 billion in Q2-03
Walmart Inc.: \$62.1 billion in Q2-03

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Do we have a choice?

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Next Step: Supply Chain Management



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Manufacturing




FIGURE 8-6
Model of an Electronic Exchange

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Thank you!

The slides will be available on the internet at
<http://ruby.fgcu.edu/courses/mhepp/>
(-> CRN80097)

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