

Vision. Value. You.

Information Systems ISM 3011

Spring 2004
Unit 8A


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Assignment for Next Class

- Chapter 9; self-assessment test; review questions 4, 6, and 7
- Chapter 10; self-assessment test; review questions 1, 4, 13, 17

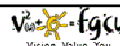
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An Introduction to Electronic Commerce




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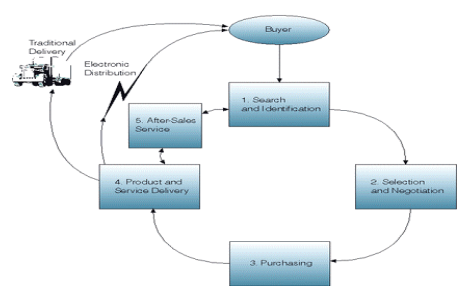
Introduction to Electronic Commerce

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

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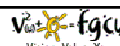

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Multistage Model for E-commerce

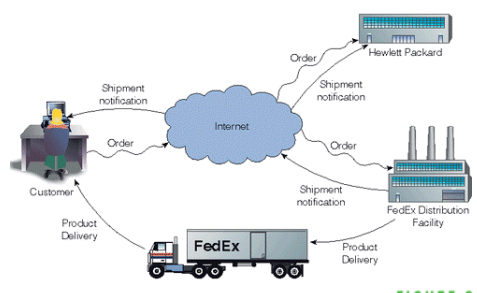


The diagram illustrates the Multistage Model for E-commerce. It shows a circular flow of five stages: 1. Search and Identification, 2. Selection and Negotiation, 3. Purchasing, 4. Product and Service Delivery, and 5. After-Sales Service. The flow starts with the Buyer at the top, moving clockwise through the stages. A dashed line labeled 'Traditional Delivery' connects the Buyer to the Product and Service Delivery stage. A solid line labeled 'Electronic Distribution' connects the Buyer to the Search and Identification stage. The diagram is credited to Dr. Martin Hepp.

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Product and Service Delivery



The diagram illustrates the Product and Service Delivery process. It shows a flow from a Customer to the Internet, then to Hewlett Packard and FedEx Distribution Facility, and finally to the Customer via FedEx. The flow is labeled with 'Order' and 'Shipment notification'. The diagram is credited to Dr. Martin Hepp.

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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

Customer

Internet

Company's e-commerce Web server

Supports Web-based order processing

Corporate intranet

Company's mainframe computer

Provides access to corporate data

Inventory control

Production planning data

FIGURE 8.4

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

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Next Step: Supply Chain Management

Demand Planning

Analyzing buying patterns

Developing customer demand forecasts

Supply Planning

Strategic planning

Inventory planning

Distribution planning

Procurement planning

Transportation planning

Supply allocation

Demand Fulfillment

Order fulfillment

Backlog management

Order promising

Customer verification

Order capture

FIGURE 8.5

Supply Chain Management

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Manufacturing

Manufacturer

Electronic Exchange

Suppliers

Supplier's Bank

Supplier's Bank

Supplier's Bank

FIGURE 8.6

Model of an Electronic Exchange

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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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Prominent Proof: eBay

COMPAQ 251234-661 Li-ion Battery Evo N600 NEW

Starting bid: \$15.99

Time left: 4 days 7 hours

Location: Nashville, TN

FIGURE 8.7

eBay

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Reduced Transaction Costs – Increased Market Volume

COMPAQ 251234-661 Li-ion Battery Evo N600 NEW

Starting bid: \$15.99

Time left: 4 days 7 hours

Location: Nashville, TN

FIGURE 8.7

eBay


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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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Thank you!

The slides will be available on the internet at

<http://ruby.fgcu.edu/courses/mhepp/>
(-> CRN10033)

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