# 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
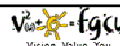- Chapter 10; self-assessment test; review questions 1, 4, 13, 17

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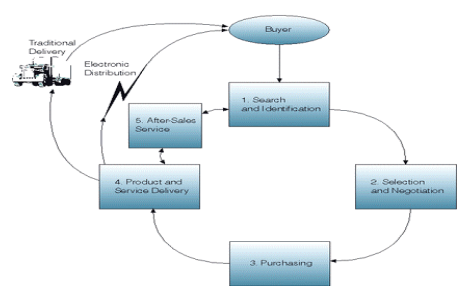# An Introduction to Electronic Commerce

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## Introduction to Electronic Commerce

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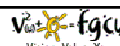- Consumer-to-consumer (C2C) e-commerce

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## Multistage Model for E-commerce



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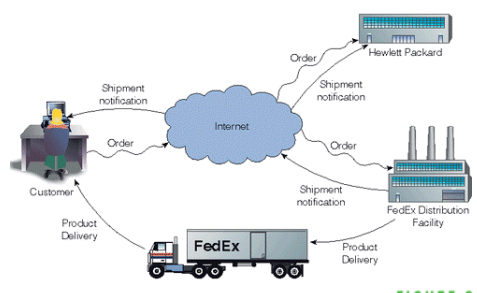
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## Product and Service Delivery



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

## Next Step: Supply Chain Management



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## Manufacturing



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FIGURE 8-6
Model of an Electronic Exchange

## 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



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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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# Thank you!

The slides will be available on the internet at
http://ruby.fgcu.edu/courses/mhepp/
(-> CRN10033)

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