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e-Business Systems

2. Why is there a trend toward cross-functional integrated enterprise systems in business?

Cross-functional systems offer time, cost, and quality savings. Integrated systems also provide managers with faster access to relevant information, and organizations need to become more nimble in order to respond to changing markets.

4. What other solutions could there be for the problem of information systems incompatibility in business besides EAI systems?

Alternatives to an EAI system, which comprises middleware between disparate business function-oriented systems, would be to purchase an integrated enterprise-wide suite. Such suites are built to work together.

Another solution might include opening the organizational datasets much the way Amazon, Google, and others have done via APIs. By providing access to data via APIs, Dell would enable its customers to build their own interfaces on their own terms and with minimal assistance.

6. How could sales force automation affect salesperson productivity, marketing management, and competitive advantage?**Salesperson productivity:**

- Puts product and contract information at a salesperson's fingertips
- Automates error checking
- Flags process problems for timely attention
- Automates order creation and processing
- Optimize travel routes

Marketing management:

- Assess marketing initiatives
- Assess salesperson performance
- Identify process bottlenecks
- Identify new or underserved markets

Competitive advantage:

- Reduce transaction cycle time
- Reduce product development cycle times
- Improve customer service

7. How can Internet technologies be involved in improving a process in one of the functions of business? Choose one example and evaluate its business value.

Students may pick from any number of examples within this chapter. Answers should consider improvements in data capture costs, data quality, cycle-time reductions, and increased information availability. A simple example might include a web-based form through which customers may place their own product orders. Such a form would reduce transcription errors by shrinking the communications chain, enable real-time error checking, reduce telecommunications and labor costs, increase the organization's marketplace presence, and enable real-time transaction reporting.

RWC 2: Nationwide Insurance**Case Study Questions****1. The project that Nationwide undertook was quite clearly a success. What made this possible? Discuss three different practices that helped Nationwide pull this off. Use examples from the case where necessary.****Success factors**

- Top management commitment
- Appropriate expertise
- Communications
- Prioritized efforts by value provided
- Business focus

Practices

- Hiring experienced team members (CEO, CIO, CFO, team leader)
- Clear goal: financial snapshots

- Focus on business "First and foremost"
- Focus on value – 80/20 rule, core functionality
- Interviewed key business manager and finance staff stakeholders

2. The case notes that Nationwide had in mind a simple goal, but faced a difficult challenge. Why was this so difficult?

Difficulties

- Integrating 14 general ledgers
- Consolidating 12 reporting tools
- Consolidating 17 financial data repositories
- Evaluating 300,000 spreadsheets
- Changing how Nationwide's "legion" of finance employees performed their jobs

3. What is the business value derived from the successful completion of this project? What can executives at Nationwide do now that could not before? Provide some examples.

Business value

- Financial portfolio risk management
- Re-affirm past earning statements
- Creating comparable financial data between business units to improve decision making

Real World Activities

1. Technologies and systems involved in financial reporting have received a great deal of attention in the last few years due to renewed regulatory focus on the integrity and reliability of financial information. Go online and research how companies are deploying technology to deal with these issues. Prepare a report to summarize your findings.

[CFO.com](#) contains several useful articles. Search terms: financial, information, reliability, integrity.

2. A number of political and cultural issues were involved in the implementation of the “one source of the truth” approach at Nationwide. Can these obstacles be overcome simply by mandating compliance from top management? What else should companies do to help ease these transitions? Break into small groups with your classmates and brainstorm some possible actions.

No

Mandates alone can not work. Implementers need authority, resources, expertise, and accountability as well as top management commitment to the change. Without each of these, implementers could face overwhelming passive resistance.

Leadership must

- Communicate
- Listen
- Prioritize
- Compromise
- Train
- Lead by example
- Acquire expertise
- Equip
- Support

9 e-Commerce Systems

1. Most businesses should engage in e-commerce on the Internet. Do you agree or disagree with this statement? Explain your position.

Agree:

The Internet is the driving force in the new economy. Businesses are engaging in e-commerce to develop, market, sell, deliver, service, and pay for products and services which are being transacted on the internet networked, global marketplaces of customers, and with the support of a worldwide network of business partners.

Disagree:

E-commerce can be an expensive, time consuming distraction from vital business activities. Websites do not necessarily provide marketing or sales value. For example, how would a local barbershop benefit from e-commerce? Yes, a barbershop might advertise its existence online. However, customers tend to select barbershops based on a location's convenience and on their personal relationship with the barber. Online advertising, reservation booking, etc. will have little impact on traditional barbers who rely on word of mouth and a customer base with years or even decades of satisfied service.

4. Why do you think there have been so many business failures among dot-com companies that were devoted only to retail e-commerce?

Causes of failure

- Lack of business experience or judgment
- Low barriers to entry
- Overoptimistic venture capitalists
- Insufficient value to the consumer
- Lack of "instant gratification"
- Consumer access to nearly perfect information about products and prices

5. Do the e-commerce success factors listed in Figure 9.11 guarantee success for an e-commerce business venture? Give a few examples of what else could go wrong and how you would confront such challenges.

No. The list may well serve to outline the factors which may cause an e-commerce business to fail if ignored.

What else could go wrong:

- Increased competition
- Loss of reputation

7. All corporate procurement should be accomplished in e-commerce auction marketplaces, instead of using B2B Web sites that feature fixed-price catalogs or negotiated prices. Explain your position on this proposal.

Pro:

Auction websites allow customers to solicit the lowest bid for their supplies. These savings flow directly to the bottom line.

Con:

The auction process ignores the value of the insights an experienced and knowledgeable vendor can provide. Long term relationships not only build trust, but may serve as a channel for new ideas. The auction process also ignores the cost of maintaining vendor relationships, i.e., credit checking establishing billing procedures, setting up EFT and EDI channels, etc.

RWC 1: Sony, 1-800-Flowers, Starbucks, and Others:

Case Study Questions

1. How do the companies involved benefit from the innovations discussed in the case? Is it about more efficient transaction processing, better reaching out to customers, or both?

Benefits

- Saves time (handling paper tickets)
- Costs less (printing paper tickets)
- Attracts impulse buyers (increases sales)

Efficiency

Mobile systems are cheaper (or could be cheaper) than printing tickets. They may also be faster than processing cash or credit transactions at the point of sales.

Customer outreach

Business fronts now appear on places where prospective customers are spending their time social networking, and they're doing so in a useful context.

2. Use examples from the case to illustrate your answer.

Examples

- E-commerce coupons texted to mobile phone users
- Flower ordering adjacent to birthday/anniversary reminders
- Tweeting followers with deals
- Starbucks scanning bar codes for debit cards on mobile phones

- Royal Oak scanning ticket barcodes on mobile phones
- San Francisco Giants promoting discounted game tickets to local residents

3. “Shopping online can be social again, as it was in person,” says Wade Gerten, CEO of Alvenda. Do you think this is a stretch, or are we in the midst of a turning point in online shopping? Explain your answer.

True, shopping online *can* be social. Social networks have the potential to greatly enhance shopping. For example, birthday reminders and wish-lists can make a huge impact on purchase habits. Simple point-and-click purchases via Facebook can make the difference between sending Aunt Tillie a belated birthday card and a basket of fresh flowers. These technologies also make it easier to read product reviews and incorporate them into the purchase decision.

False: these technologies can never match the fun and instant gratification of shopping in the company of friends intent on enjoying the afternoon at the mall.

4. Many of the applications discussed in the case are mostly used by the younger demographic, who grew up around technology. How do online behavior patterns change as they become older, with more responsibilities, and more challenging jobs? Do applications like those discussed in the case become less important? More important?

The case suggests a significant behavioral difference between age groups. With increasing time pressures associated with adulthood, individuals will want the best results for the least effort. If these technologies are truly more convenient to use (and many of them are), then habits picked up in youth will very likely carry over into adulthood.

Though not suggested in the case, these technologies will likely see adoption patterns similar to those of the ATM. Though customers claimed to miss the personal interactions with their favorite bank teller, they quickly adapted to the machines.

Real World Activities

1. Consider the examples discussed in the case. Go online and research what other companies or industries are doing in terms of the use of social networking sites and mobile commerce. What other examples can you find? Prepare a report that compares those in your research with the ones described here, highlighting similarities and differences. Can you spot any new trends?

Students can see for themselves how marketers are using Twitter, Facebook, MySpace, and so on. Mobile commerce, however, is just beginning to take root. However, the advent of both 3G/4G networks and GPS enabled mobile devices has opened up whole new possibilities.

Trends: GPS Integration

- "Top 5 Mobile Commerce Trends for 2010" ¹
- Music/video downloads (iTunes, etc).
- Real-time traffic updates and trip rerouting
- Time, location, and interest based advertising ²
- Real-time, local photo printing services ³
- New driver (hired driver) monitoring services ⁴

Search terms

mobile e-commerce, mobile commerce, or "m-commerce"

¹ <http://mashable.com/2010/07/22/2010-mobile-commerce-trends/>

² Imagine taking a long road trip and indicating an interest in restaurants with play areas for small children during the lunch hour (or an interest in antiques, classic cars, rare coins, public parks, etc.). At the appropriate time, offers and directions would begin appearing on your mobile device. Mom and Pop stores would be able to compete with the big restaurant chains without investing in highway frontage or billboards. Small towns bypassed by an interstate highway might once again flourish.

³ Take your party pictures with your mobile device, select your favorites, select a convenient pick-up location based on your current location, and pick them up on your way to the next party spot.

⁴ Is your child (employee) exceeding the speed limit in your vehicle, ranging out of bounds, loitering where they don't belong?

2. How often, if ever, do you shop with your mobile phone? What do you think are some of the roadblocks that prevent the widespread adoption of mobile shopping?

Roadblocks

- Texting charges
- Data charges
- Mobile device cost
- Lack of experience
- Lack of applications
- Poor network coverage
- Privacy concerns
- Fraud concerns
- Identity theft concerns

3. What would you suggest companies do to overcome those? Break into small groups with your classmates to develop a few recommendations.

Recommendations

- Invest in security
- Develop useful products/services
- Advertise

RWC 3: Entellium, Digg, Peerflix, Zappos, and Jigsaw

Case Study Questions

1. Is the second-mover advantage always a good business strategy? Defend your answer with examples of the companies in this case.

"Always" is rarely the correct answer to any question. Running in the second position has some advantages. Organizations have the opportunity to learn from the front-runners before investing their time and capital. [Salesforce.com's](https://www.salesforce.com) user interface isn't so friendly, Home Depot staff lacked helpfulness, Hoovers and D&B lacked sufficient contact information, Google News doesn't identify the *best* articles to read, Netflix charges a monthly fee whether or not you borrow any movies, and shoe shoppers lacked variety. Second-movers saw these problems and offered solutions. As with the short-track skating metaphor, however, if the second mover starts too far behind the leader, they may find themselves shut out and with little appreciable advantage. Ebay copycats will likely face barriers to entry preventing them from providing significant competition.

2. What can a front-runner business do to foil the assaults of second movers? Defend your answer using the examples of the front-runner companies in the case.

Second movers busy themselves trying to learn from the front runners. However, there's no reason the frontrunners can't learn these lessons as well. Front runners can work to improve their product's quality or add new features based on their customer feedback. However, Adelson stated in the case "a lot of companies are afraid to touch their original technology" or "reconsider the premise on which they started the business." Frontrunners may consider buying out the competition, maintaining product innovation rates, or developing brand recognition and loyalty. Lastly, there's no reason a front-running organization can't also learn from the second runners. Hoovers could blow Jigsaw out of the water by adding in better contact data. Hoovers would succeed because contact data is all that Jigsaw provides, while Hoovers also provides information that allows sales persons to identify the best sales prospects.

3. Do second movers always have the advantage in Web-based business success? Why or why not? Evaluate the five strategies given in the case and the companies that used them to help defend your answer.

Just using the information provided in the case, it would appear that second movers always compete successfully. See Activity #1 for a more useful analysis. Aside from the remarkable success provided in the case, one must remember that second movers do not always interpret or implement their lessons learned; they will not always have the advantage. A frontrunner who pays attention to its customers and continually adapts to their needs will likely remain in front. The short answer thus remains "it depends on the players." In the examples provided by this case, second runners have been able to compete successfully. However, they remain second runners.

#1 *Better, faster, cheaper*

[Salesforce.com](https://www.salesforce.com) proved corporate clients would consent to store CRM data with a 3rd party. Entellium saw that it could win these clients with a better interface, lower price, and a risk-free trial (free 24/7 support).

#2 *Borrow tactics*

Jay Adelson saw the value in customer ratings and referral systems used in social network sites and Amazon, and it to news services. Now Oigg's readers see top rated articles on the home page and receive referrals based upon other reader's feedback.

#3 *Copy the business model*

Peerflix took the peer-to-peer file sharing model and merged it with eBay's commission-based transaction model to compete with Netflix by allowing customers to swap movie disks without bidding. This targeted Netflix's most profitable and least satisfied customer group – the infrequent movie exchangers. It did so by allowing customers to pay a transaction fee only when they wished to exchange movies.

#4 *Follow the biggest leader*

Zappos chose not to follow other online shoe sellers at all. Instead, it targeted big shoe store customers. It did so by working with suppliers to guarantee delivery and by giving customers a tremendous selection. Brick and mortar shoe stores have difficulty competing on price, and online stores have a hard time competing on both selection and delivery.

#5 *Aim for the weak spot*

Jigsaw took advantage of D&B and Hoover's weak spots: useful contact information. Sales people use these resources to identify likely customers, but they needed better contact information. By finding a way to gather this information cheaply, Jigsaw filled the gap.

Real World Activities

1. **Use the Internet to research the current business status of all of the many companies in this case. Are the second movers still successfully using their strategies, or have the first movers foiled their attempts? Have new strong players entered the markets of the first and second movers, or have business, economic, or societal developments occurred to change the nature of competition in these markets?**

Resources:

- Lowe's⁵ - Starting at the end of 2009 Home Depot has assumed a significant lead over Lowe's on the web⁶
- Slashdot⁷ - (owned by SourceForge⁸); has many highly rated competitors⁹
- Peerflix – is no longer in business¹⁰
- Zappos¹¹ - traffic ranks Zappos as the on-line shoe sales leader, no competitor is even close¹²
- Jigsaw¹³ - has several more popular competitors including Hoovers, Friendster, Linked In¹⁴

2. **Assume you will start an Internet-based business similar to one of those mentioned in this case or another one of your choice. Would you be a first, second, or later mover in the market you select? How would you differentiate yourself from other competitors or prospective new entrants? Break into small groups to share your ideas and attempt to agree on the best Web-based business opportunity of the group.**

First movers should might come up with a novel product idea by merging several new technologies.

Second movers should take lessons learned from a first movers and offer an improved product.

Late movers might attempt to leverage data gathered through leaders via APIs and provide an improved user interface and experience.

⁵ <http://www.lowes.com/>

⁶ <http://www.alexa.com/siteinfo/homedepot.com?q=#> (use the Traffic Stats, Related Links tool)

⁷ <http://slashdot.org/>

⁸ <http://www.alexa.com/siteinfo/slashdot.org?q=#>

⁹ <http://www.alexa.com/siteinfo/slashdot.org?q=#>

¹⁰ http://news.cnet.com/8301-17939_109-9902531-2.html?tag=mncol;txt

¹¹ <http://www.zappos.com/>

¹² <http://www.alexa.com/siteinfo/zappos.com?q=#relatedlinks>

¹³ <http://jigsaw.com/>

¹⁴ <http://www.alexa.com/siteinfo/jigsaw.com?q=#>

When first written, this system would be a first mover. However, it borrows from several technologies. The University of Illinois Urbana Champagne has a traffic mapping system for Chicago that takes road sensor data embedded in its main highways and turns it into a graphic map available via the Internet. OnStar connects GPS data with cellular services. Other products offer commercial fleet location monitoring. No one product ties all these services together into a single, real-time transmission and display device. However, several companies are now moving on this project.

Second mover:

These answers should build improvements into existing businesses. By copying a proven strategy, a businesses reduces the risk that the idea itself lacks a market. However, these businesses must fight an uphill battle for name recognition.

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