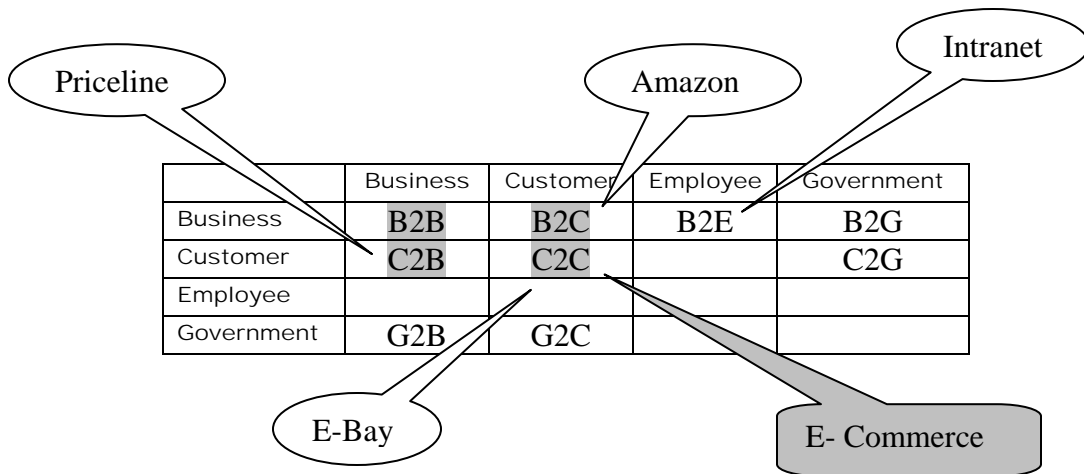


E-Business

1. Explore possible opportunities for utilizing *the online exchange of value between organizations and their partners, suppliers, employees, or customers, beyond any geographical or time constraints, based on the TCP/IP Protocol (= E-business)*



2. Explore possible strategic advantages of E-business

- Global reach
- Reduced communication costs
- Reduced transaction cost due to automation (delegation to customer)
- Customized product/service

3. Formulate an E-business-oriented *conception of what business you are in, how you deliver your product/service, and how you make money (= business model)*

[dot.coms became dot.bombs due to unproven, **flawed business models**]



Merrill Lynch:

“Investors have no choice but to pay us fees in order to obtain investment information”

Barnes and Noble:

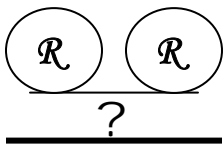
“Customers have no choice but to go to a bookstore to buy a book”

- 3.A. Use E-business to extend your traditional bricks-and-mortar business model (= clicks-and-mortar business model)

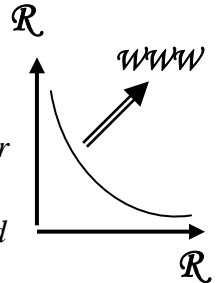
- 3.B. Use E-business to replace your traditional bricks-and-mortar business model or start a brick-and-mortar-free business model

3.A. Use E-business to extend your traditional bricks-and-mortar business model (= clicks-and-mortar business model)

- Sell the same products on your website as well (Wal-Mart, ToysRUs, Barnes and Noble)
- *Customize your website content directly to a specific user* (= Web personalization)
 - Expedite transaction by storing customer details (one-click)
 - *Produce personal recommendations* (= collaborative filtering)
- Provide online bill payment



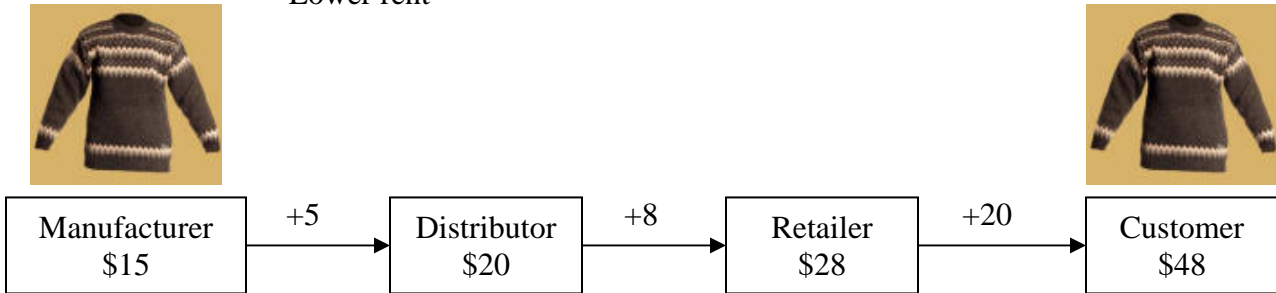
- Increase the *depth/detail of information supplied to (and collected about) your customers* (= information **R**ichness). High richness = one-on-one
- Increase the *number of customers reached and the number of products offered* (= information **R**each). High reach = mass media
- Provide information/knowledge related to the use of the physical product (appliances, construction, food, health, funeral) (Londonproperties.com)
- Delegate the conduct of inquiries (shipment status) and transaction (funds transfer) to customers.



Transaction	Traditional	Internet
Checking bank account balance	1.08	.13
Answering a customer question	10 - 20	.10 - .20
Trading 100 shares of stock	100	9.95
Correcting an employee record	128	2.32
Processing a customer order	15	.80
Sending advertising brochure	.75 - 10	.25
Paying a bill	2.22 - 3.32	.65 - 1.10

3.B. Use E-business to replace your traditional bricks-and-mortar business model or start a brick-and-mortar-free business model

- If product/service is digitizable, sell directly online. (newspaper)
- If possible, *remove the middleman to sell to your customers at a lower price* (= disintermediation)
 - Fewer employees
 - Lower rent



- Legal issues:

www.chatomvineyards.com

www.amsterdammarijuanaseeds.com

(not recommended for personal use !)



- If not possible to remove the middleman, reach directly to the end-consumer to create product differentiation (www.batesville.com)
- *Become a virtual middleman* (= reintermediation)
 - Assist people in shopping (www.presentpicker.com)
 - Assist people in comparison shopping (www.pricegrabber.com)
 - Organize web content (www.yahoo.com)

<http://www.ecommercetimes.com>

<http://www.bidshift.com>
Web-based bidding systems for filling open shifts