

E-Commerce

UNIT- 5

Intra-organizational Electronic Commerce

- **Electronic commerce cannot be fully utilized if it addresses customer-organization interorganizational, or disconnected internal automation activities. For companies to be fully effective, these three activities must be integrated and the corresponding software applications developed together.**
- **Public commerce built on foundation of World Wide Web and other technologies over which firms, suppliers, and consumers engage in on-line transactions. The technologies and methods associated with electronic commerce are used extensively within firms, like enterprise integration, process control system, business process reengineering, and work-flow management**
- **Internal commerce uses methods and technologies for supporting internal business processes between individuals, departments, and collaborating organizations**
- **Private commerce is related to market orientation toward creating superior value for customers.**

Intra-organizational Electronic Commerce

- **Business has to consistently deliver superior value to its customers through better coordination and work-flow management, product and service customization and supply chain management**
- **Work-flow management concerns with methods to optimize work flows by pruning unneeded operational steps and moving much of their internal paper handling onto computer networks.**
- **Product or service customization focuses on two issues: time-to-market and flexible operations. Time-to-market depends largely on gathering the specific consumer preferences and using these preferences to custom design products or services. Flexible operations depend largely on implementation details or working practices that make time-to-market a reality.**
- **Supply chain is the network of suppliers and customers within which any business operates. Supply chain management is important as it is impossible for companies to compete at the business or industrial level as isolated entities.**

Work-flow automation and coordination

- **A workflow provides the movement of a business process and its associated tasks among workers and the operations required to process relevant information as it moves from initiation to completion.**
- **Work-flows are decomposed into steps or tasks, which are then ordered to determine which should be done first, second, and so on. A simple workflows typically involve one or two tasks. A complex work flow may involve several other work flows, some of may execute simultaneously**
- **Organizational integration is complex and typically involve**
 - **Improving existing processes by utilizing technology where appropriate**
 - **Integrating across the business functions after identifying the information needs for each process**
 - **Integrating business functions, application program interfaces, and databases across departments and groups.**

Work-flow automation and coordination

- **Work-flow coordination**
 - **Companies have developed horizontal structures around small multifunctional teams that can move more quickly and easily than businesses that use the traditional function-by-function, sequential approach**
- **Work-flow-related technology**
 - **Work-flow software electronically supports real-world collaborative activity. Work can be routed in ways that correspond to interoffice communications, in sequential routes, alternative routes, routes with feedback loops, circular routes, and more. Work-flow package lets users specify acceptance criteria for moving work from one stage to the next. Work-flow brings the information to the people who can act on it. It can coordinate existing software and track processes to make sure the work gets done by the right people**

Supply Chain Management (SCM)

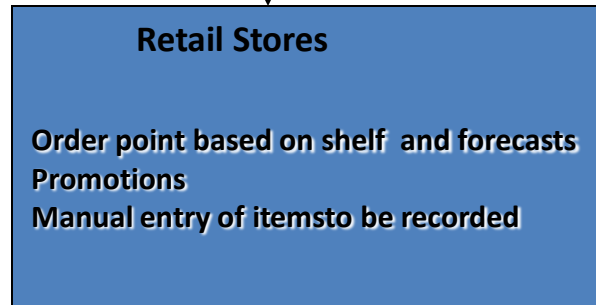
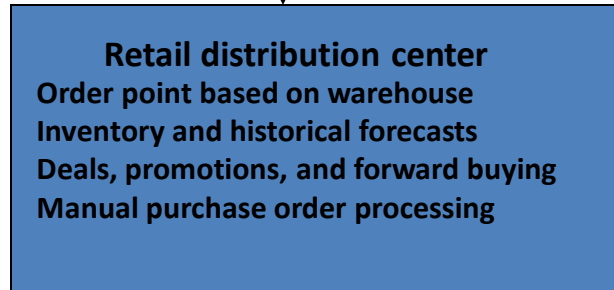
- **Supply chain management is an integrating process based on the flawless delivery of basic and customized services.**
- **SCM optimizes information and product flows from the receipt of the order, to purchase of raw materials, to delivery and consumption of finished goods.**
- **SCM plays an important role in the management of processes that cut across functional and departmental boundaries**
- **SCM is important in retailing because it helps manage the demand and supply functions.**
- **Supply Chain management has the following characters**
 - **An ability to source raw material or finished goods from anywhere in the world**
 - **A centralized, global business and management strategy with flawless local execution**
 - **On-line real-time distributed information processing to the desktop, providing total supply chain management visibility**

Supply Chain Management (SCM)

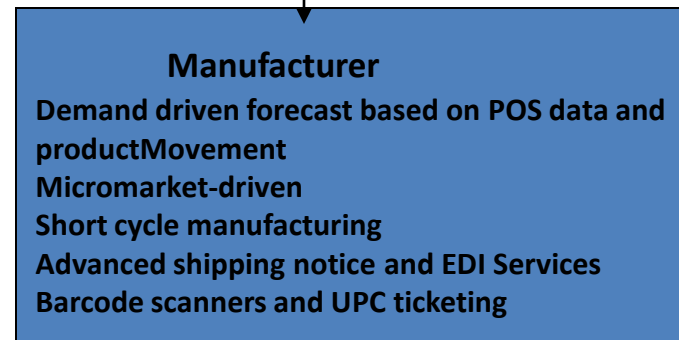
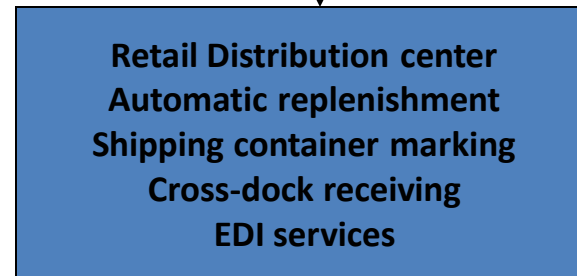
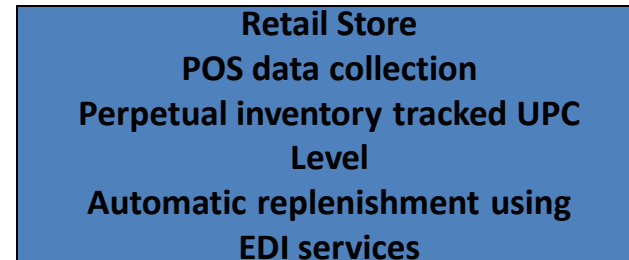
- **Supply Chain management has the following characters**
 - **The ability to manage information not only within a company but across industries and enterprises**
 - **The seamless integration of all supply chain processes and measurements, including third-party suppliers, information systems, cost accounting standards, and measurement system**
 - **The development and implementation of accounting models such as activity-based costing that link cost to performance are used as tools for cost reduction**
 - **A reconfiguration of the supply chain organization into high-performance teams going from the shop floor to senior management**

Push-based vs pull based SCM

Consumer Purchase Merchandise



Consumers Purchase Merchandise



Supply Chain Management (SCM)

- **The model contain three primary elements**
 - **Integrated Logistics and distribution**
 - **Deals with the integration of materials management and physical distribution. Logistics applies to the coordination and handling of all aspects of the movement of raw materials, components, semifinished goods, and finished goods. When products are manufactured, the logistics function is involved in getting them to the customer. Components of logistics will include handling the movement of raw materials and goods for resale, warehousing, customs brokerage, and distribution to a final destination**

Supply Chain Management (SCM)

- **The model contain three primary elements**
 - **Integrated marketing and distribution**
 - **Deals with integrating customer directly and react to changes in demand by modifying the supply chain. Marketing must define the way a company does business. Technology is changing firms' marketing edge in the areas of manufacturing and logistics planning, in management analysis of new markets, in identifying and targeting customers, in promotion of the allied areas of direct marketing and telemarketing and in postsales through on-line customer service. This is achieved by efficient customer response systems**

Supply Chain Management (SCM)

– Efficient Customer Response (ECR)

- **ECR is expected to reduce costs by reforming the retail industry's buying habits and moving toward continuous product replenishment to get inventory into the stores faster. ECR uses the data-architecture developed to make transaction-level data from point-of-sale systems useful and legible to front-office buyers, logistics personnel, and senior managers. Effective inventory management – having just the right amount of the right merchandise on the shelves for just the right amount of time – minimizes overstocking and boosts profitability**
- **Buyers and inventory analysts can look on-line and see how sales of products peak and trough over a season or how they vary across regions or stores**

Supply Chain Management (SCM)

– Efficient Customer Response (ECR)

- **Better in-house systems enable managers and buyers to do things like analyzing the performance of standard and trend items in stores, spot on a daily basis, upswings and downturns in the performance of trend merchandise, and replenish or authorize markdowns for trend items as necessary**
- **Detailed analysis of item performance, what-if scenario evaluation, and exception reporting and handling**

Supply Chain Management (SCM)

– Agile Manufacturing

- **Agile manufacturing calls for flexibility and quick response to changing market conditions, customer demands, and competitor actions.**
- **Agility implies breaking out the mass-production mold and producing highly customized products – when and where the customer wants them.**
- **Agility includes such concepts as rapid formation of multicompany alliances to introduce new products to the market**

Supply Chain Management (SCM)

– Agile Manufacturing

- **Agility requires**

- Customers electronically transmitting their requirements to remote locations capable of quickly manufacturing and distributing these products**
- Companies rapidly form alliances to produce new products, employing advanced manufacturing concepts**
- Small and medium-sized companies advertise their manufacturing capabilities over computer networks and efficiently bid on projects required by other companies**

Supply Chain Management (SCM)

– Agile Manufacturing

- **Agility requires**

- “Software system brokers” connect users who need temporary access to sophisticated manufacturing tools**
- Manufactures and suppliers use “ intelligent” procurement systems to facilitate and speed parts procurement, billing and payment transactions, reducing costs, improving accuracy, and meeting customer demands in a timely manner**

Supply Chain Management (SCM)

– Agile Manufacturing

- Agile manufacturing enterprise aim to achieve**
 - Greater product customization or manufacturing to order, would come at relatively low unit cost**
 - Rapid introduction of new or modified products**
 - Interactive customer relationships transform the physical production into a platform for providing an evolving set of value-adding services**
 - Dynamic reconfiguration of production processes would accommodate swift changes in product designs or entire new product lines**