



Chapter 1

Framework for e-Commerce

Key questions concerning e-commerce:

- **What are the categories of e-commerce?**
- **What are the new views of strategy in the networked-economy?**
- **What is the framework for the field of e-commerce?**
- **Why does a senior manager need to know all four infrastructures?**
- **What are the roles and responsibilities of senior e-commerce managers?**
- **What key challenges do senior leaders face today?**

e-Commerce as the Networked Economy

Networked economy business traits summarized as:

- **Create value largely through gathering, synthesizing and distribution of information**
- **Formulate strategies that make convergent managements of the enterprise**
- **Compete in real time rather than in “cycle time”**
- **Operate in a world characterized by low barriers to entry, near-zero variable costs of operation and shifting competition**
- **Organize resources around the demand side rather than supply side**
- **Manage better relationships with customers through technology**

How Do We Define e-Commerce?

- Technology-mediated (physical world < virtual world)
- exchanges of digital information between parties
- electronically-based intra- or inter-organizational activities that facilitate such as exchanges

Four Categories of e-Commerce

	Business	Consumers
Business	B2B	C2B
Consumers	B2C	P2P

Distinct Categories of e-Commerce

- *Business to Business (B2B)* - e-commerce that occurs between two organizations.
Purchasing and procurement, supplier management, inventory management, sales activities, payment management & service and support.
Examples: FreeMarkets, Dell and General Electric
- *Business to Consumer (B2C)* - exchanges between business and consumers, like the ones managed by Amazon, Yahoo and Charles Schwab & Co.

Distinct Categories of e-Commerce (cont'd)

- ***Peer to Peer (C2C)* - involve transactions between and among consumers.**
as in the case of the auction website Ebay.
Examples: Owners.com, Craigslist, Monster
- ***Consumer to Business (C2B)* - when consumers band together to present themselves as a buyer in group.**
Example: www.speakout.com

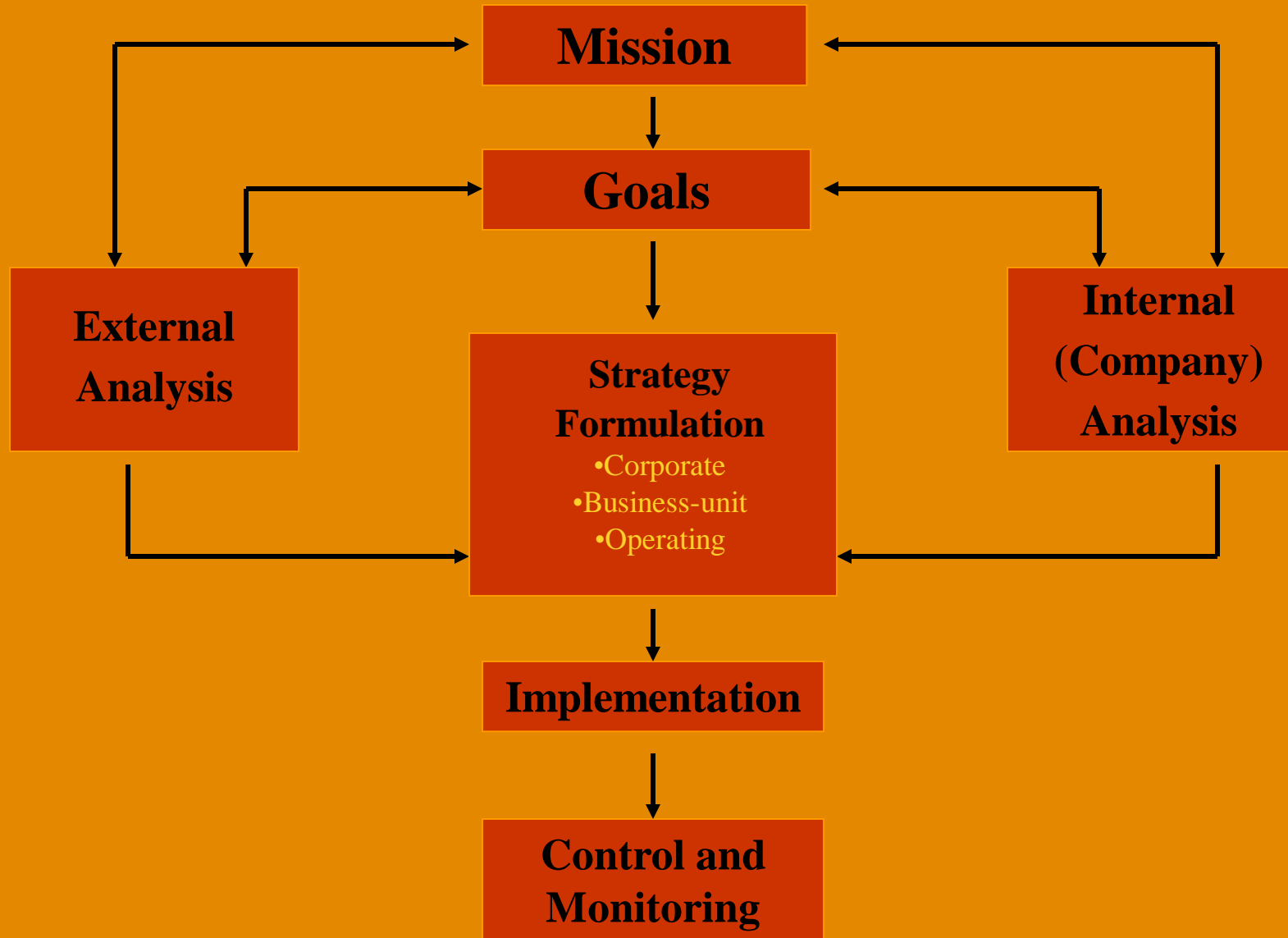
Convergence of e-Commerce Categories

Business originating from...

And Selling to...



Classic Framework for Strategy Management



- **Speed of change and adaptation must be figured into the classical strategic management.**

New Views of e-Commerce Strategy (cont'd)

Sense and respond :

- **It provided an approach to strategic thinking that was intuitive, actionable and easy to implement.**
- **It made companies focus on listening in a new manner to customers to reduce the high levels of uncertainty.**

Drawbacks:

- **Its very reactive and the starting point is always the customer.**

The Three Approaches to Strategy

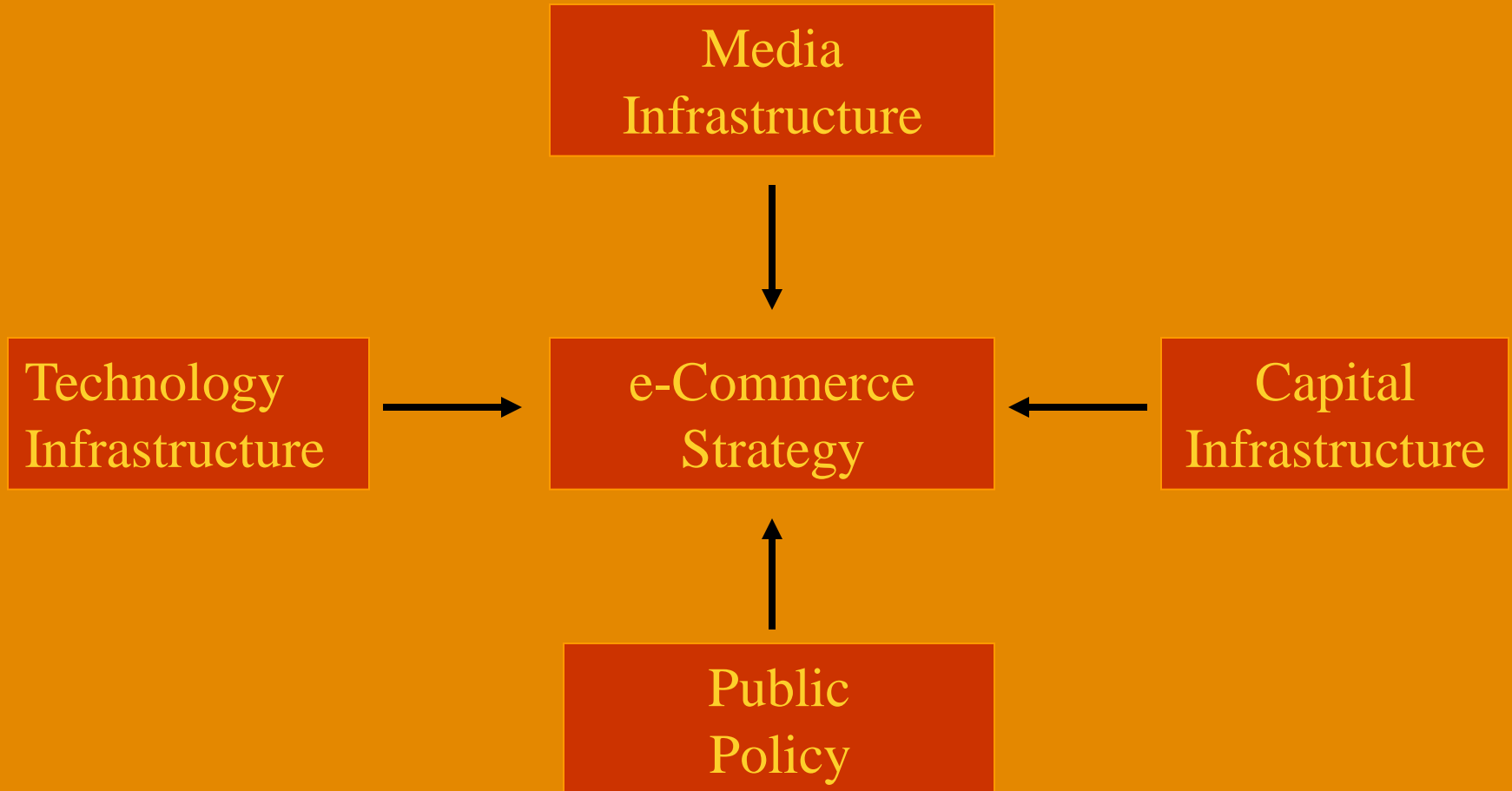
“simple rule strategy”

- **Position approach: “Where should we be vs. our competition?”**
- **Resources approach: “What resources should we possess?”**
- **Simple rules approach: “What processes should we follow?”**

Three Approaches to Strategy

	Position	Resources	Simple Rules
Strategic Logic	<ul style="list-style-type: none"> • Establish position 	<ul style="list-style-type: none"> • Leverage resources 	<ul style="list-style-type: none"> • Pursue opportunities
Strategic Steps	<ul style="list-style-type: none"> • Identify an attractive market • Locate a defensible position • Fortify and defend 	<ul style="list-style-type: none"> • Establish a vision • Build resources • Leverage across markets 	<ul style="list-style-type: none"> • Jump into the confusion • Keep moving • Seize opportunities • Finish strong
Strategic Question	<ul style="list-style-type: none"> • Where should we be? 	<ul style="list-style-type: none"> • What resources should we be? 	<ul style="list-style-type: none"> • How processes should we follow?
Source of Advantage	<ul style="list-style-type: none"> • Unique, valuable position with tightly integrated activity system 	<ul style="list-style-type: none"> • Unique, valuable, inimitable resources 	<ul style="list-style-type: none"> • Key processes and unique simple rules
Works Best In	<ul style="list-style-type: none"> • Slowly changing, well-structured markets 	<ul style="list-style-type: none"> • Moderately changing, well structured markets 	<ul style="list-style-type: none"> • Rapidly changing, ambiguous markets
Duration of Advantage	<ul style="list-style-type: none"> • Sustained 	<ul style="list-style-type: none"> • Sustained 	<ul style="list-style-type: none"> • Unpredictable
Risk	<ul style="list-style-type: none"> • It will be too difficult to alter position as conditions change 	<ul style="list-style-type: none"> • Company will be too slow to build new resources as conditions change 	<ul style="list-style-type: none"> • Managers will be too tentative in executing on promising opportunities
Performance Goal	<ul style="list-style-type: none"> • Profitability 	<ul style="list-style-type: none"> • Long-term dominance 	<ul style="list-style-type: none"> • Growth

A Comprehensive Framework



The Context of Strategy Formulation:

- *Technology infrastructure:*
 - **The hardware backbone of computers, routers, servers, fiber optics, cables, modems, etc. provide half of the technology.**
 - **The software and communication standards including the core protocols for the www.**
- *Capital Infrastructure:*
 - **Finding money to launch new businesses.**
 - **Finding the right people to build the business plan and seek sources.**

The Context of Strategy Formulation: The Four Infrastructures (cont'd)

- *Media infrastructure:*
 - **The types of media employed (e.g., print, audio , video).**
 - **The nature of the media and editorial policy (including style, content, look and feel).**

- *Public Policy Infrastructure:*
 - **Decisions related to strategy, technology, capital and media are influenced by**
 - **laws and regulation.**
 - **Public policy affects specific business and also direct and indirect competitors.**

The Strategy Formulation Process

Six interrelated, sequential decisions to strategy:

- **Frame the Market Opportunity**
- **Determine Business Model**
- **Identify Customer Interface**
- **Market Communication and Brand**
- **Implement Site**
- **Measure Performance**

e-Commerce Strategy Formulation Process

Six interrelated, sequential decisions to strategy:

**Framing the
Market
Opportunity**

**Business
Model**

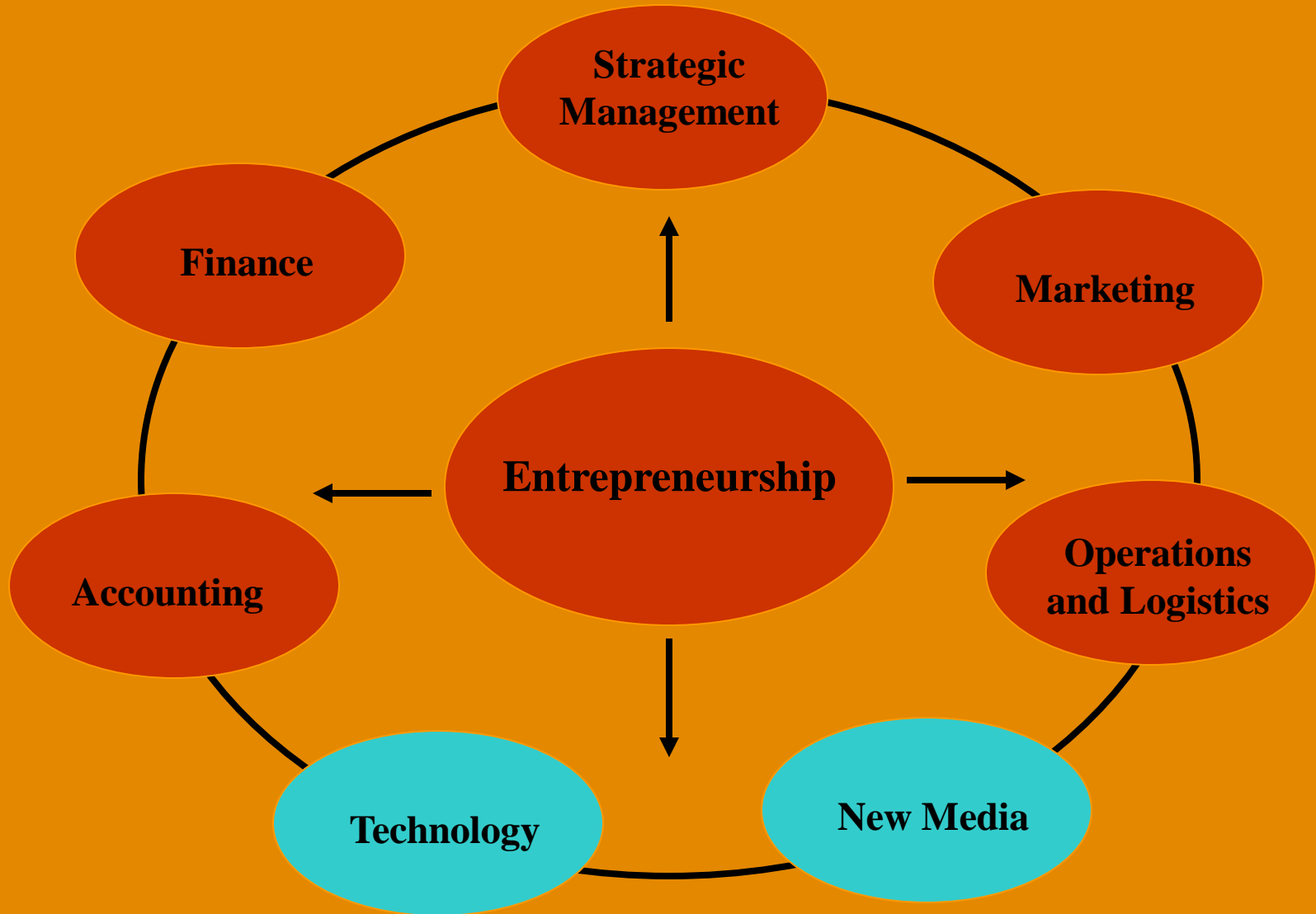
**Customer
Interface**

**Market
Communication
and Branding**

Implementation

**Measure
Performance**

Senior e-Commerce Executive Need New Skills



Roles and Responsibilities of a Senior e-Commerce Manager (cont'd)

- **The responsibilities of a senior e-commerce manager include:**
- **Provide vision for the online business.**
- **Set process and outcome goals**
- **Formulate strategic direction and choice by making concrete choices- and associated tradeoffs- related to each phase of the e-commerce strategy process, including market opportunity, business model specification and design of the customer interface.**

A Flow Diagram of the Manager's Strategic Responsibilities

Set Vision



Establish Goals



Formulate Strategy



**Drive
Implementation**



**Be responsible for
Performance**

Key Challenges for Senior Leadership in Today's Environment

- **Understanding Customer Evolution: The challenge here is to invest heavily in understanding the customer needs and invest in advance so that the launch of the innovation coincides exactly with the customer needs.**
- **Charting Changing Technology: The senior executive must be well schooled in the basic and emergent technologies. Picking the right technologies and investing.**

Key Challenges for Senior Leadership in Today's Environment (cont'd)

- Integration of Offline and Online Activities: **Customer-facing activities need to be made ready for the web.**
- Identifying the Key Levers of Competitive Advantage: **The best senior leaders are able to reallocate their resources and capabilities in anticipation of evolving competitive.**

شرکت مایکروسافت

موریت: توانمند ساختن مردم و سازمانهای سراسر جهان برای درک تواناییهای بالقوهشان.

عمل به ماموریت: پایه و اصول اساسی این ماموریت، از ارزشهای اصلی شرکت ناشی میشود:

- تماس گسترده با مشتریان: تماس و ارتباط با مشتریان، درک نیازهای آنان و این که چگونه از تکنولوژی استفاده کنند و خلق ارزش برای آنان از طریق اطلاعات و پشتیبانی کردن از آنها برای درک تواناییهای بالقوهشان.

- نگرش جهانی: تفکر و عمل جهانی، تشکیل نیروی کار متنوع که تصمیم سازیهای خلاقانهای را برای طیف وسیعی از مشتریان و شرکاء ایجاد میکنند، نوآوری در کاهش هزینههای تکنولوژی و رهبری در حمایت از جوامعی که در آنجا کار و زندگی میکنند.

- تعالی و برتری: در هر کاری که انجام میدهیم.

- قابل اعتماد بودن: افزایش اعتماد مشتریان از طریق کیفیت کالاها و خدمات، پاسخگو بودن و احساس مسئولیت و قابلیت پیشبینی کارهایی که انجام میدهیم.

شرکت آی بی ام

در آی بی ام، ما میکوشیم تا به یک شرکت رهبر در اختراع، توسعه و تولید پیشرفته ترین تکنولوژیهای اطلاعاتی شامل سیستمهای کامپیوتری، نرمافزار، سیستمهای ذخیره سازی و ریز الکترونیک ها، تبدیل شویم. ما این تکنولوژیهای پیشرفته را تبدیل به ارزش برای مشتریانمان میکنیم از طریق راه کارهای حرفه ای، خدمات و مشاوره در سراسر جهان.

شرکت سیسکو سیستمز

ماموریت: کمک به مشتریان تا موفق شوند. این مبنای تصمیمات و اعمالی است که توسط کارکنان ما به صورت روزانه گرفته میشود. توجه به جزییات، به سادگی در دسترس قرار گرفتن، سطح خدماتی را که هر مشتری دریافت میکند، ارتقاء میدهد و سرانجام به مشتریان در تلاشهای روزانه شان، مزیت میرساند. ما نسبت به موفقیت مشتریان و کمک به آنها در جهت دستیابی به اهدافشان، پای بند و متعهد هستیم. حفظ خدمات برجسته بسیار مهم است. مسئولیت ما ساده انگاشته نمیشود، موفقیت مشتریان نقش حیاتی در موفقیت ما دارد.

شرکت داده پردازی ایران

ماموریت: شرکت داده پردازی ایران به پشتوانه قریب به نیم قرن سابقه بهره گیری از دانش فنی و تجربه طولانی و موفق شرکت آی بی ام و حسن اعتماد معتبرترین مشتریان کشور ماموریت دارد که به صورت فراگیر در قلمرو صنعت انفورماتیک و فناوری اطلاعات، پاسخگویی نیازهای مشتریان در زمینه های مختلف از جمله ارابه راه حل های جامع، تامین و تجهیز مراکز کامپیوتری، طراحی، ایجاد و نصب نرم افزارهای کاربردی، ارابه خدمات پشتیبانی فنی، اطلاع رسانی، ارابه خدمات و سرویس های شبکه و آموزش و توسعه منابع انسانی باشد.

چشم انداز: اندیشه ما مبنی بر دستیابی به سازمانی چابک، پیشرو و تأثیرگذار در حوزه ایجاب میکند که ضمن تثبیت موقعیت پیشتازی خود (ICT) فناوری اطلاعات و ارتباطات در داخل کشور در عرصه های فراکشوری و منطقه ای حضور فعال داشته باشیم