Business Model

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What is E-Commerce

- “E-commerce is the purchasing, selling and exchanging goods and services over computer networks (internet).

Eras of E-Commerce

- E-Commerce I (1995-2000)
- Explosive growth starting in 1995
- Widespread of Web to advertise products
- Ended in 2000 when dot.com began to collapse
- E-Commerce II (2001-2006)
- Began in January 2001
- Reassessment of e-commerce companies

Comparison

E Commerce I

- Business Driven
- Revenue Growth Emphasis
- Traditional Financing
- Ungoverned
- Large traditional Firms
- Disintermediation
- First Mover Advantage

E Commerce II

- Technology Driven
- Earnings And Profit Emphasis
- Venture Capital Financing
- Stronger regulation And Governance
- Entrepreneurial
- Strengthening Intermediaries
- Strategic Follower Strength

Why E-Commerce ?

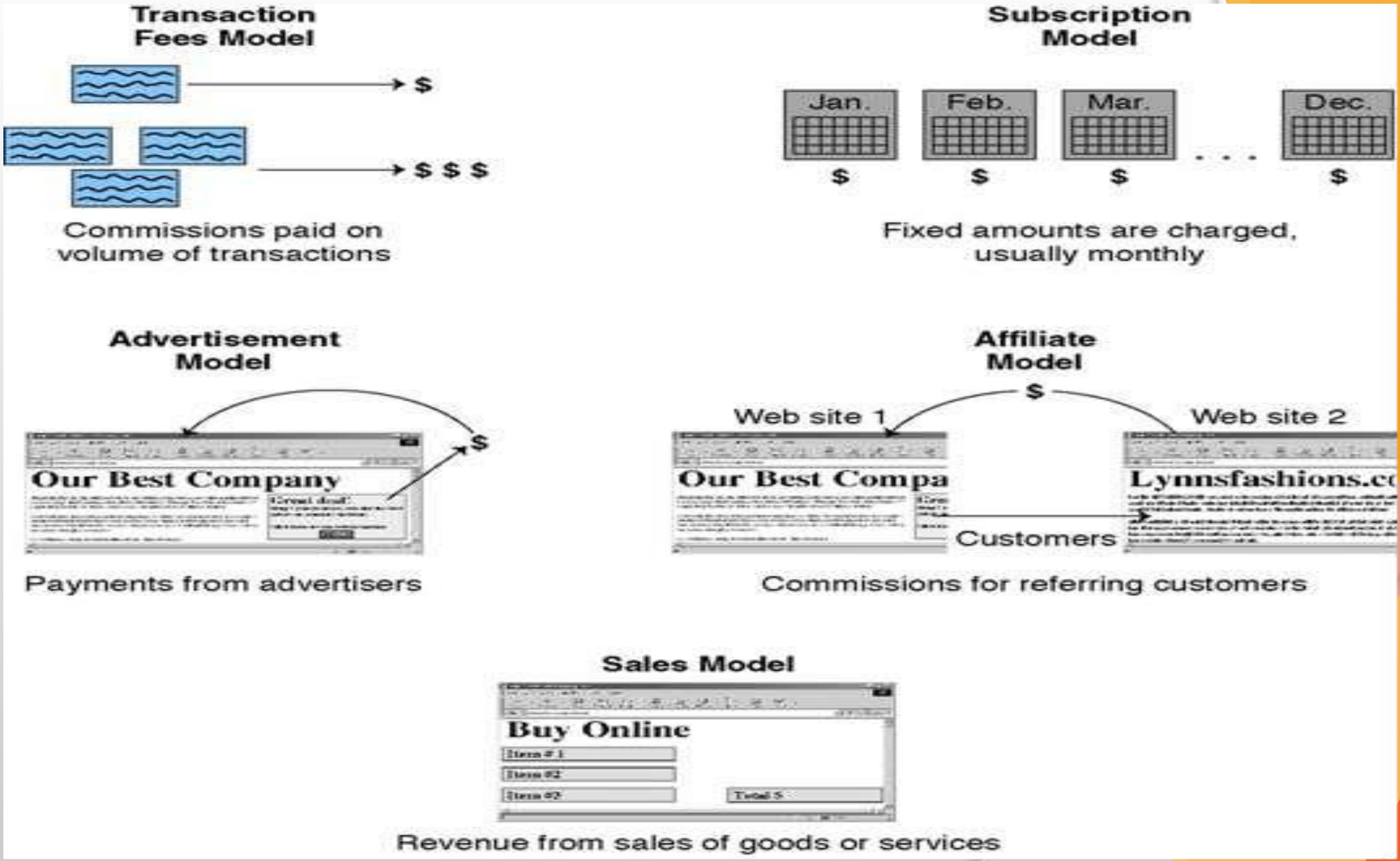
- Low Entry Cost
- Reduces Transaction Costs
- Access to the global market
- Secure market share

Process

E-COMMERCE
SELECT PRODUCTS
CUSTOMERS
Bank
BANK PAYMENT
SHIPPING
STORE
WAREHOUSE

CRM View

Demand Planning
Supply Planning
Analyzing buying patterns
Developing customer demand forecasts
Strategic planning
Inventory planning
Distribution planning
Procurement planning
Transportation planning
Supply allocation
Demand Fulfillment
Order fulfillment
Backlog management
Order promising
Customer verification
Order capture


Transaction
Fees Model
$
$ $ $
Commissions paid on
volume of transactions
Subscription
Model
Jan.
Feb.
Mar.
Dec.
$
$
$
$
Fixed amounts are charged,
usually monthly
Advertisement
Model
$
Our Best Company
Great deal!
Payments from advertisers
Affiliate
Model
$
Web site 1
Web site 2
Our Best Compa
Lynnsfashions.c
Customers
Commissions for referring customers
Sales Model
Buy Online
Item # 1
Item #2
Item #2
Total $
Revenue from sales of goods or services

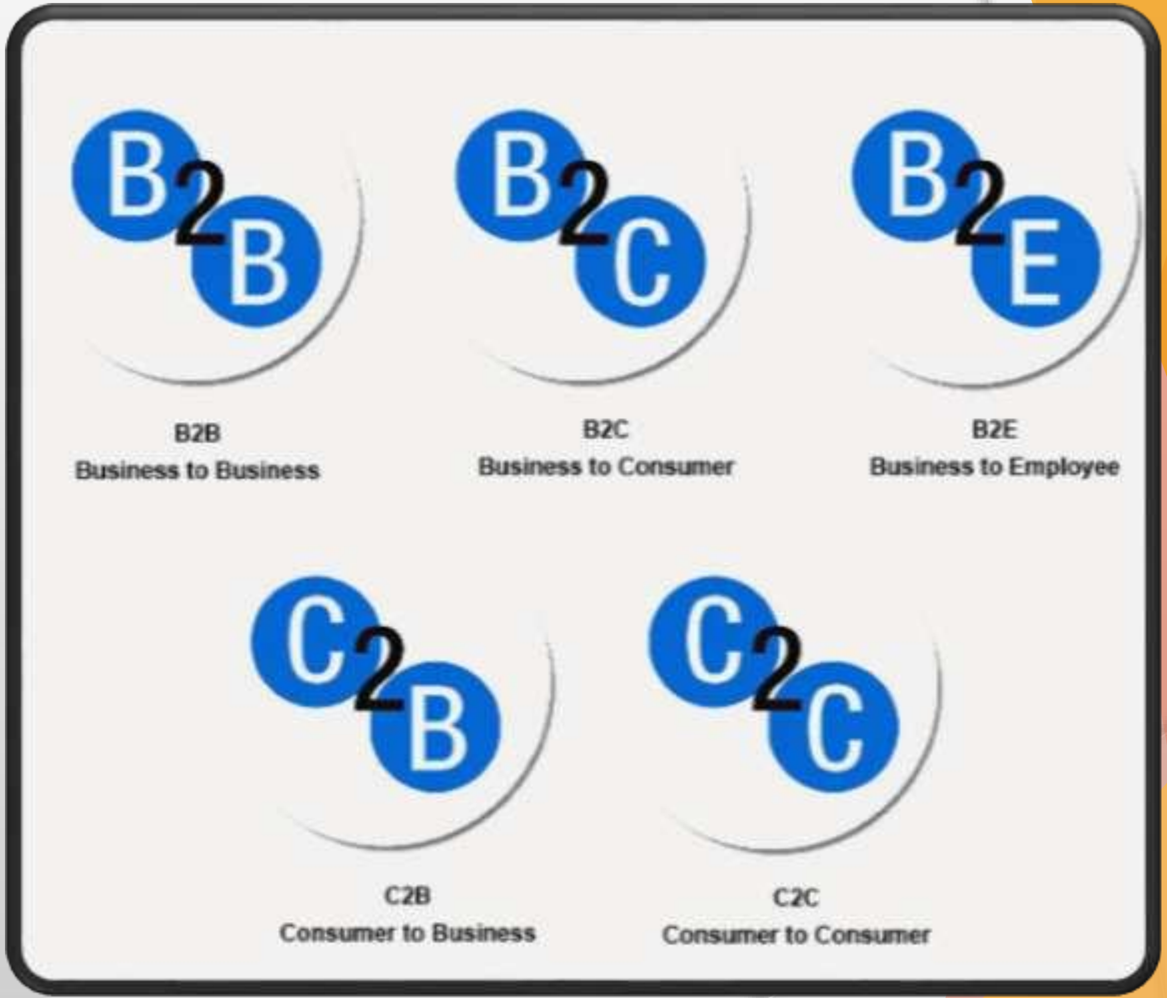
Enablers of e-commerce

TABLE 2.6 E-COMMERCE ENABLERS

INFRASTRUCTURE	PLAYERS
Hardware: Web Servers	IBM, Sun, Compaq, Dell
Software: Operating Systems and Server Software	Microsoft, Sun, Apache Software Foundation
Networking: Routers	Cisco
Security: Encryption Software	CheckPoint, VeriSign
E-commerce Software Systems (B2C, B2B)	IBM, Microsoft, iPlanet, CommerceNet, Ariba
Streaming Media Solutions	Real Networks, Microsoft
Customer Relationship Management Software	PeopleSoft
Payment Systems	PayPal, CyberCash
Performance Enhancement	Akamai, Cache Flow, Inktomi, Cidera, Digital Island
Databases	Oracle, Sybase
Hosting Services	Exodus, Equinex, Global Crossing

Major types of e-commerce

- Market relationships
- Business-to-Consumers (B2C)
- Business-to-Business (B2B)
- Consumer-to-Consumer (C2C)
- Technology-based
- Peer-to-Peer (P2P)
- Mobile Commerce (M-commerce)



Business-to-business (B2B)

- B2B stands for Business to Business. It consists of largest form of Ecommerce. This model defines that Buyer and seller are two different entities. It is similar to manufacturer issuing goods to the retailer or wholesaler.

E.g.:-Dell deals computers and other associated accessories online but it is does not make up all those products. So, in govern to deal those products, first step is to purchases them from unlike businesses i.e. the producers of those products.

Business-to-consumer (B2C):

- It is the model taking businesses and consumers interaction. The basic concept of this model is to sell the product online to the consumers.
- B2c is the direct trade between the company and consumers. It provides direct selling through online. For example: if you want to sell goods and services to customer so that anybody can purchase any products directly from supplier’s website.

Business-to-Employee (B2E)

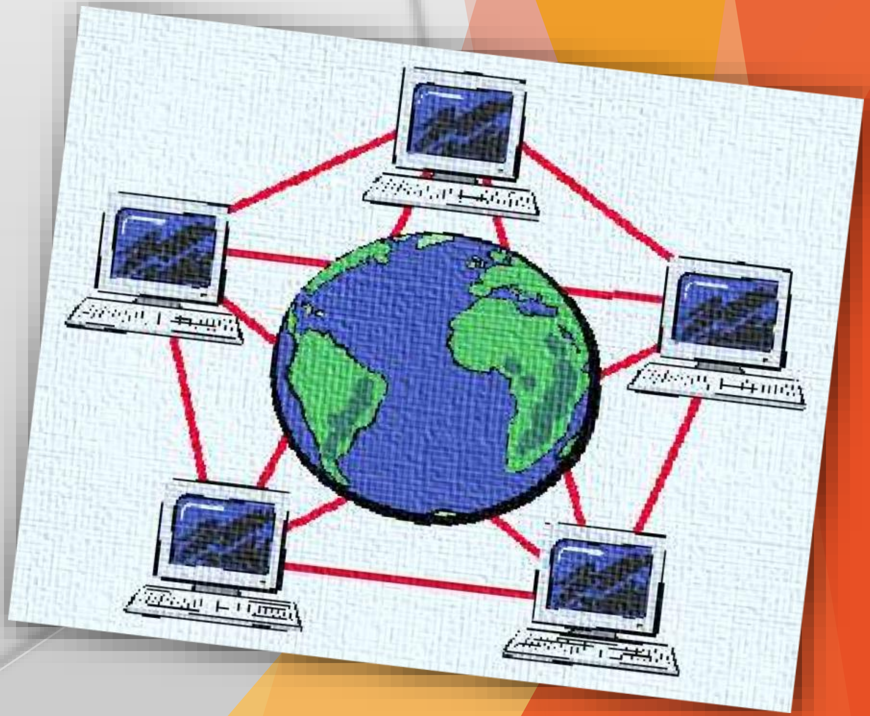
- Business-to-employee (B2E) electronic commerce uses an intrabusiness network which allows companies to provide products and/or services to their employees. Typically, companies use B2E networks to automate employee-related corporate processes.

Consumer-to-consumer (C2C)

- There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where person-to-person transactions take place everyday since 1995.

P2P

- Enables internet users to share files and computer resources.
- Napster (early example)
- Skype (more modern and successful example)



M-Commerce

- Wireless digital devices enable transactions on the web.
- Uses personal digital assistants (PDAs) to connect.
- Used most widely in Japan and Europe.

Key ingredients of a business model

TABLE 2.1	KEY INGREDIENTS OF A BUSINESS MODEL
BUSINESS MODEL COMPONENTS	**KEY QUESTIONS**
Value proposition	Why should the customer buy from you?
Revenue model	How will you earn money?
Market opportunity	What marketspace do you intend to serve, and what is its size?
Competitive environment	Who else occupies your intended marketspace?
Competitive advantage	What special advantages does your firm bring to the marketspace?
Market strategy	How do you plan to promote your products or services to attract your target audience?
Organizational development	What types of organizational structures within the firm are necessary to carry out the business plan?
Management team	What kinds of experiences and background are important for the company's leaders to have?

Pros

- No checkout queues
- Reduce prices
- You can shop anywhere in the world
- Easy access 24 hours a day
- Wide selection to cater for all consumers

Cons

- Unable to examine products personally
- Not everyone is connected to the Internet
- There is the possibility of credit card number theft
- On average only 1/9th of stock is available on the net


THANK YOU