

IT6506 - eBusiness Technologies

5. eBusiness Models and Revenue Models

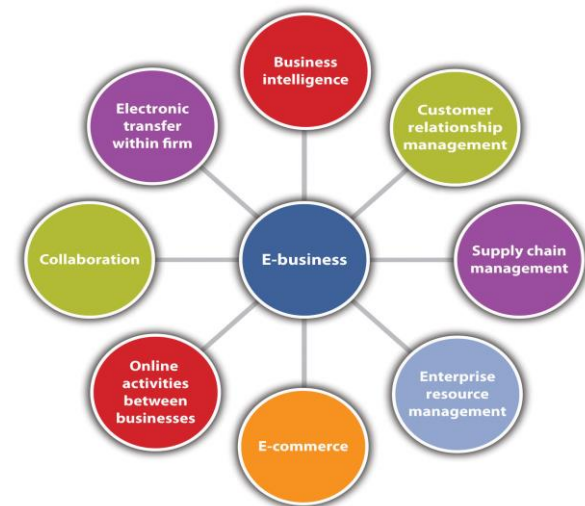
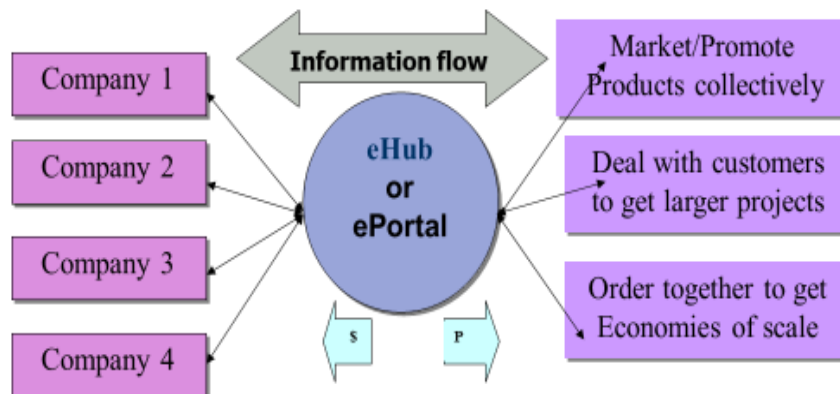
Level III - Semester 6

5. Introduction to eBusiness and Revenue Models

- eBusiness models refer to the conceptual frameworks and strategies that organizations utilize to conduct business activities electronically, particularly through the Internet. These models outline the structure, processes, and value proposition of an online business, defining how it creates, delivers, and captures value through digital channels and technologies.
- eBusiness models encompass various aspects of an online business, including its revenue streams, customer segments, value proposition, key activities, resources, and partnerships. These models provide a roadmap for organizations to leverage digital platforms, technologies, and innovations to engage with customers, optimize operations, and generate revenue.
- eBusiness models are designed to align the organization's goals and capabilities with the opportunities and challenges of the digital landscape. They help organizations understand how to leverage the internet, mobile devices, social media, and other digital technologies to reach customers, enhance customer experiences, streamline processes, and achieve competitive advantage in the online marketplace.

5. Introduction to eBusiness and Revenue Models ... Cont

- Each eBusiness model is unique and tailored to the specific goals, target market, and industry of the organization. Different models may emphasize different aspects, such as online sales, subscription-based services, digital advertising, or peer-to-peer interactions. Organizations can choose or develop an eBusiness model that best suits their business objectives and aligns with their resources and capabilities.
- Overall, eBusiness models provide a strategic framework for organizations to leverage digital technologies and platforms to conduct business more effectively, efficiently, and profitably in the online realm.



5. Importance of Learning about eBusiness Models and Revenue Models

- **Strategic Decision-Making:** Understanding eBusiness models and revenue models helps businesses make informed decisions about their online presence. It enables them to assess different models and determine which one aligns with their goals, target audience, and industry. This knowledge guides strategic planning, resource allocation, and the development of competitive advantages in the digital space.
- **Identifying Revenue Streams:** eBusiness and revenue models provide insight into the various ways an organization can generate revenue online. By exploring different models, businesses can identify new revenue streams and diversify their income sources. This knowledge helps in adapting to changing market dynamics, maximizing revenue potential, and achieving financial sustainability.
- **Customer-Centric Approach:** eBusiness models emphasize customer engagement and experience. Understanding these models allows businesses to identify customer segments, tailor their offerings, and create value propositions that resonate with their target audience. By adopting customer-centric models, organizations can build long-lasting relationships with customers, enhance loyalty, and drive customer satisfaction.

5. Importance of Learning about eBusiness Models and Revenue Models ... Cont

- **Optimizing Operations:** Learning about eBusiness models and revenue models enables organizations to optimize their online operations. By understanding the key activities, resources, and partnerships required for different models, businesses can streamline their processes, leverage digital technologies, and improve efficiency. This knowledge aids in resource allocation, technology adoption, and operational excellence.
- **Adapting to Digital Transformation:** In the digital age, organizations need to adapt to the changing landscape and embrace digital transformation. Learning about eBusiness models and revenue models equips businesses with the knowledge and skills required to navigate the online ecosystem effectively. It helps them stay competitive, seize new opportunities, and respond to emerging trends in the digital marketplace.

5. Importance of Learning about eBusiness Models and Revenue Models ... Cont

- **Innovation and Growth:** Exploring eBusiness models and revenue models encourages innovation and growth. By understanding different models, businesses can identify gaps in the market, explore new business models, and experiment with innovative approaches. This knowledge fosters creativity, encourages entrepreneurial thinking, and opens up avenues for growth and expansion.

In conclusion, learning about eBusiness models and revenue models is crucial for organizations seeking to thrive in the digital era. It provides a foundation for strategic decision-making, revenue optimization, customer-centricity, operational efficiency, digital transformation, and innovation, enabling businesses to succeed in the dynamic online marketplace.

Validity of Traditional Business Models in today's Context

	Traditional Business Models	New Business Models
Production	Mass	Personalised (DELL)
Distribution	Middleman	Direct (DELL)
Communication	Chained / Closed	Networked / Open
Finance	Slow / Difficult	Faster / Easier (24/7)
Markets	Local / Geographical	Global / No boundaries
Assets	Tangible / Physical	Intangible / Virtual

Some Common eBusiness Models and Revenue Models

These models outline how a company creates, delivers, and captures value through digital channels and technologies. Here are some commonly recognized eBusiness models:

- **E-commerce:** This model involves the buying and selling of products or services over the Internet. It can include online retail stores, marketplaces, and online auctions.
- **Online Marketplace:** In this model, a platform connects buyers and sellers, enabling them to conduct transactions. The marketplace operator usually earns revenue through transaction fees or commissions.
- **Subscription:** Companies following this model offer products or services on a subscription basis, where customers pay a recurring fee at regular intervals to access or use the offering. Examples include subscription boxes, software-as-a-service (SaaS), and streaming platforms.

Some Common eBusiness Models and Revenue Models

- **Freemium:** In the freemium model, companies provide a basic version of their product or service for free while offering premium features or additional functionality for a fee. This model aims to convert free users into paying customers.
- **Advertising:** This model involves generating revenue through advertising. Companies offer free content or services and earn revenue by displaying ads to their users. Search engines, social media platforms, and content-driven websites commonly use this model.
- **Affiliate Marketing:** In affiliate marketing, a company rewards affiliates for promoting its products or services and driving sales through their referral links. Affiliates earn a commission on each sale they generate.

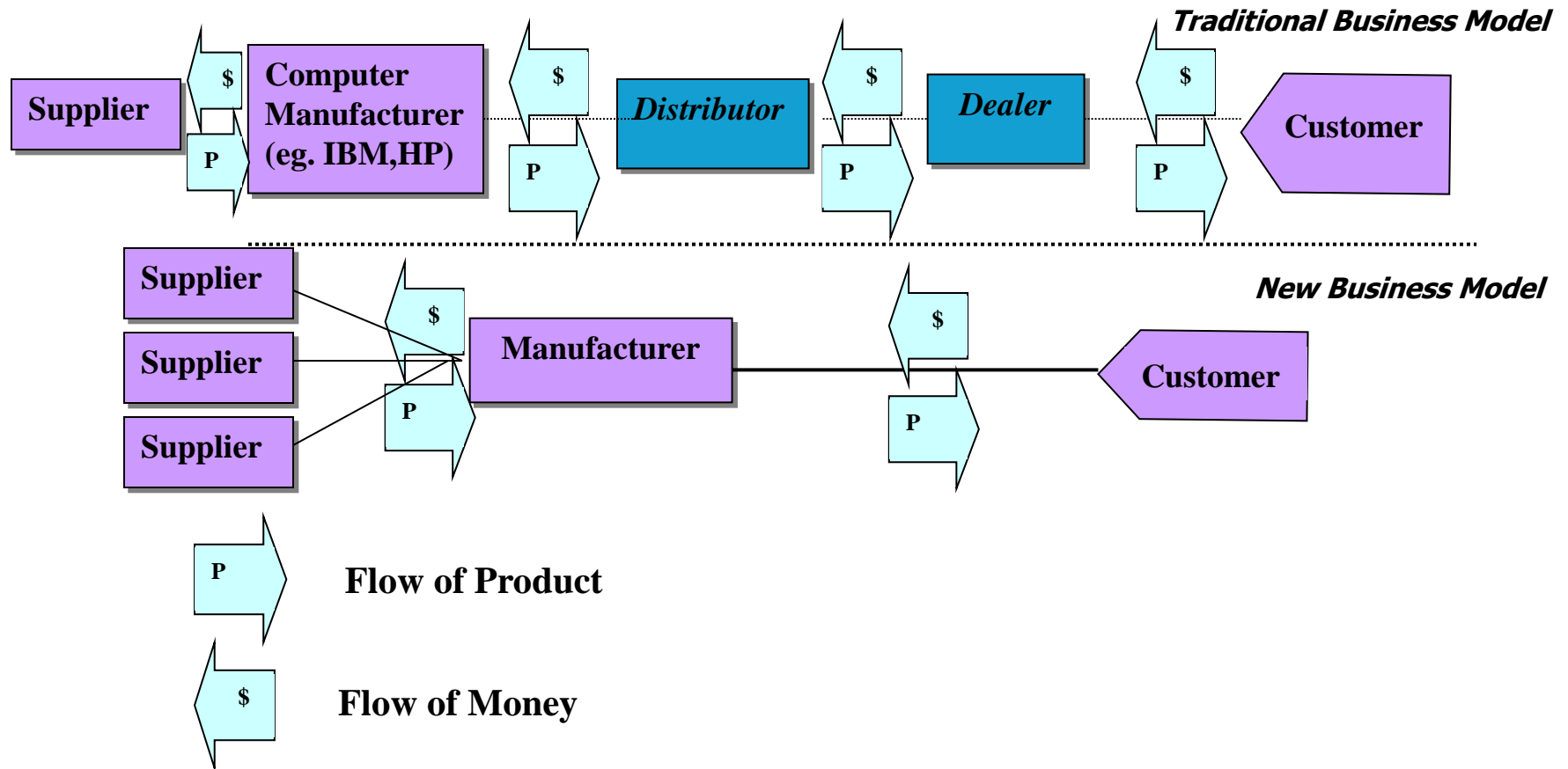
Some Common eBusiness Models and Revenue Models

- **Peer-to-Peer (P2P):** P2P models connect individuals or businesses directly, eliminating the need for intermediaries. Examples include peer-to-peer lending platforms, sharing economy marketplaces, and file-sharing networks.
- **Online Services:** This model focuses on providing services online. It can include online consultations, digital marketing agencies, web design services, and software development.
- **Crowdfunding:** In this model, individuals or businesses raise funds for a project or venture by collecting small contributions from a large number of people online. Platforms facilitate the crowdfunding process and may charge fees or commissions.
- **Digital Content:** Companies in this model create and distribute digital content such as ebooks, music, videos, or online courses. Revenue is generated through sales or licensing of the digital content.

Creating an Effective Virtual Organisation eBusiness Models

- 5.1. Direct-to-customer model
- 5.2. Supply chain model
- 5.3. Full-service provider model
- 5.4. Revenue sharing model
- 5.5. Digital value hub
- 5.6. Global trade platform

5.1 Direct-to-Customer eBusiness Model



Benefits of this model to the Company and the Customers

- Can sell at lower prices
- Build to-customer order
- Receive payment earlier
- Speed up new product release cycles
- Use customer data to provide
- customized value-added service
- Proactive decision making

Characteristics & Benefits of the Direct-to-Customer eBusiness Model

The direct-to-customer eBusiness model, also known as the direct-to-consumer (D2C) model, is a business model where companies sell their products or services directly to consumers through online channels, bypassing traditional intermediaries such as retailers or wholesalers.

This model enables businesses to establish a direct relationship with their customers and have more control over the entire customer experience, from marketing and sales to distribution and customer support.

Characteristics and Benefits of the Direct-to-Customer eBusiness Model ...Cont.

- **Online Presence:** Businesses operating under the direct-to-customer model typically have their own e-commerce websites or online platforms where customers can browse and purchase products or services directly. These online channels serve as the primary sales interface, allowing customers to interact directly with the business.
- **Control over Branding & Customer Experience:** With a direct-to-customer approach, businesses have full control over how their brand is presented and experienced by customers. They can shape their online presence, website design, product descriptions, and marketing messages to ensure consistency & alignment with their brand identity.

Characteristics and Benefits of the Direct-to-Customer eBusiness Model ...Cont.

- **Customer Relationship Management:** Direct-to-customer models emphasize building and nurturing customer relationships. By selling directly, businesses can gather customer data and insights, enabling personalized interactions, targeted marketing campaigns, and tailored offerings. This direct relationship allows businesses to better understand customer preferences and needs.
- **Enhanced Customer Support:** Selling directly to customers enables businesses to provide direct customer support and assistance. They can offer personalized and timely customer service through various channels such as live chat, email, or phone. This direct communication helps businesses address customer inquiries, & build stronger customer relationships.

Characteristics and Benefits of the Direct-to-Customer eBusiness Model ...Cont.

- **Pricing Control and Profitability:** By eliminating intermediaries, businesses can have more control over pricing strategies. They can set their own prices based on market factors, production costs, and profit margins. This control allows businesses to optimize pricing, potentially increasing profitability and providing competitive prices to customers.
- **Agility in Product Development and Innovation:** Direct-to-customer models facilitate quicker product development cycles and innovation. Businesses can gather customer feedback, conduct market research, and test new product ideas directly with their target audience. This customer-centric approach allows businesses to iterate and improve products based on real-time customer insights.

Characteristics and Benefits of the Direct-to-Customer eBusiness Model ...Cont.

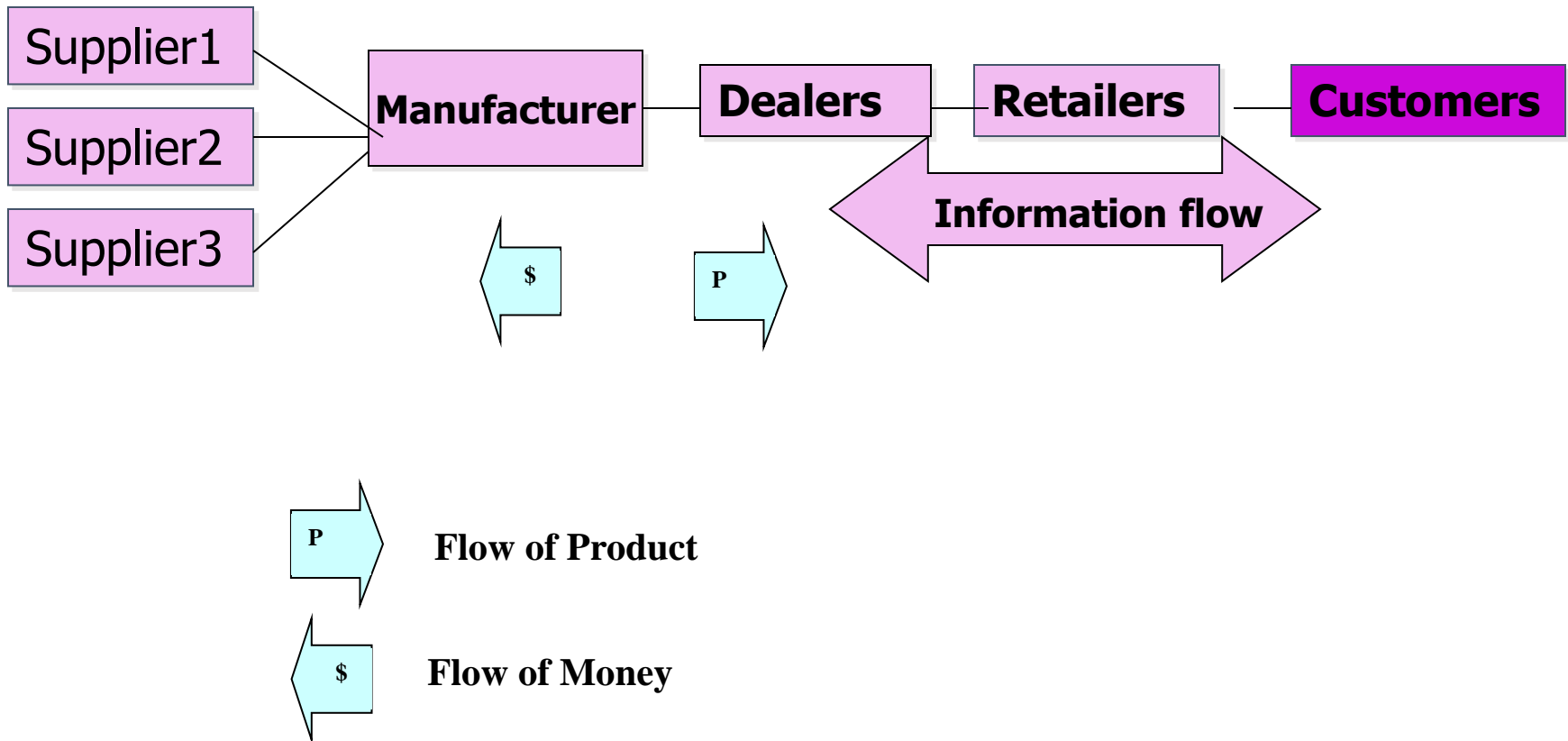
- **Market Reach and Expansion:** The direct-to-customer model provides businesses with the opportunity to reach a broader market and expand their customer base. By leveraging online channels, businesses can overcome geographical limitations and target customers globally. This can lead to increased market reach and revenue growth.
- **Data-Driven Decision Making:** Direct-to-customer models generate valuable customer data that can inform business strategies and decision-making. Businesses can analyze customer behavior, preferences, and purchase patterns to gain insights into market trends, customer segmentation, and product performance. This data-driven approach enables businesses to make informed decisions to optimize operations and marketing efforts.

Characteristics and Benefits of the Direct-to-Customer eBusiness Model ...Cont.

- **Competitive Advantage:** Adopting a direct-to-customer model can give businesses a competitive edge. By offering a seamless online shopping experience, personalized customer interactions, and unique value propositions, businesses can differentiate themselves from competitors and build stronger brand loyalty.

The direct-to-customer eBusiness model empowers businesses to establish a direct relationship with customers, provide a personalized customer experience, control pricing strategies, gather valuable customer insights, and expand their market reach. By leveraging digital technologies and online channels, businesses can create a customer-centric approach that enhances profitability and competitive advantage.

5.2 Supply Chain eBusiness Model



Benefits of this model to the Company and the Customers

- Virtual Value Chain
- Information flow across the supply chain
- All parties have a strong electronic bond and backend systems
- Some companies do/don't own any part of the value chain
- They have access to information about all from supplier/manufacturer to the customer
- Improved supply chain visibility, agility, and responsiveness
- Enhanced efficiency and accuracy in order processing and fulfillment
- Streamlined procurement processes and reduced paperwork

Benefits of this model to the Company and the Customers

- Reduced lead times and improved on-time delivery performance
- Better inventory management and demand forecasting capabilities
- Stronger supplier relationships and collaboration
- Cost savings through optimized logistics and transportation management
- Data-driven decision making and performance measurement
- Increased customer satisfaction through faster and more reliable order fulfillment

Characteristics & Benefits of the Supply Chain eBusiness Model

The supply chain eBusiness model is a business model that leverages digital technologies and online platforms to optimize and streamline supply chain operations.

It involves the use of e-commerce, electronic data interchange (EDI), cloud-based platforms, and other digital tools to enhance coordination, communication, and efficiency across the entire supply chain network.

Characteristics & Benefits of the Supply Chain eBusiness Model

- **Online Procurement and Ordering:** The model enables businesses to procure goods, materials, or services online through e-commerce platforms or electronic procurement systems. This streamlines the procurement process, reduces paperwork, and allows for more efficient order placement.
- **Electronic Data Interchange (EDI):** EDI is used to exchange documents, such as purchase orders, invoices, and shipment notifications, electronically between supply chain partners. It enables seamless and standardized communication, eliminates manual data entry, and improves accuracy and speed in information exchange.

Characteristics & Benefits of the Supply Chain eBusiness Model

- **Inventory Management and Demand Planning:** The supply chain eBusiness model employs digital tools for real-time inventory tracking, demand forecasting, and planning. These tools enable businesses to optimize inventory levels, anticipate demand fluctuations, and synchronize production and distribution activities accordingly.
- **Supplier Collaboration and Relationship Management:** Online platforms and collaborative tools facilitate effective communication and collaboration with suppliers. Businesses can share product specifications, quality requirements, and production schedules, enabling better coordination, improved supplier performance, and stronger relationships.

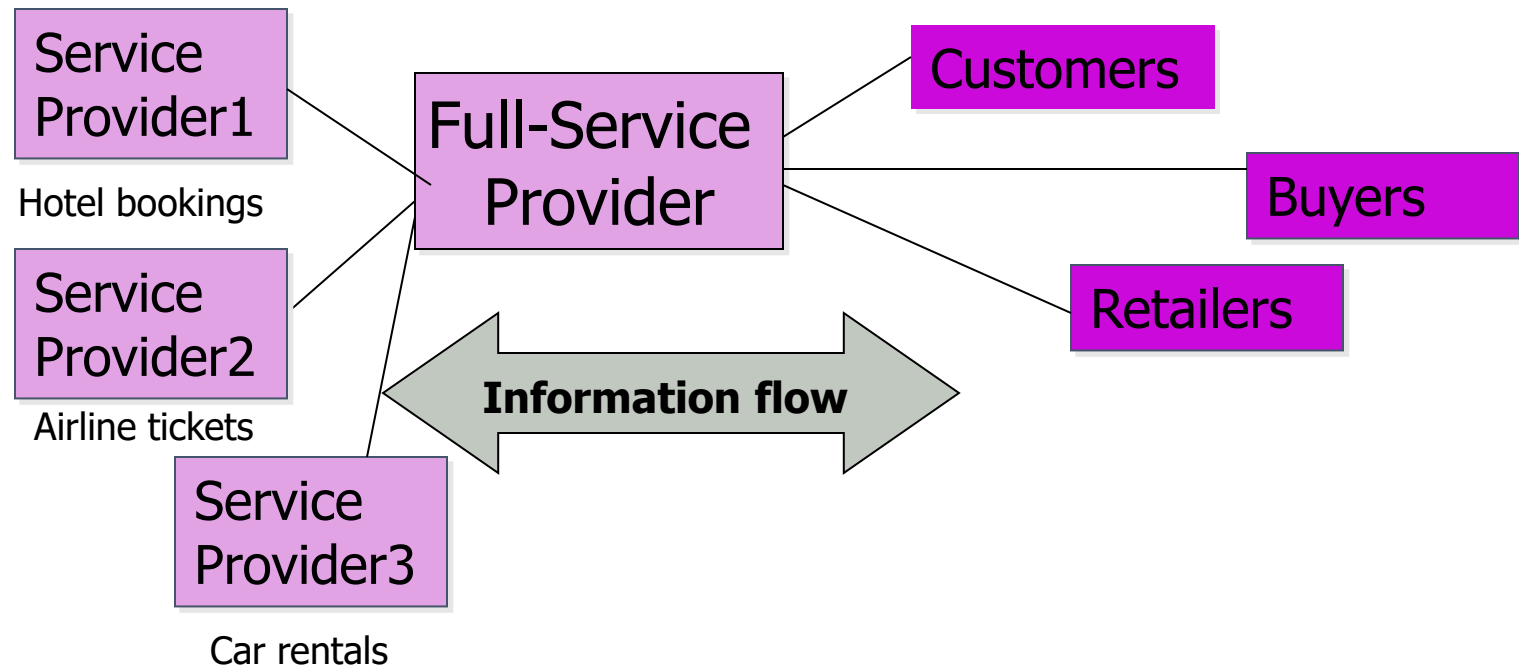
Characteristics & Benefits of the Supply Chain eBusiness Model

- **Logistics and Transportation Management:** The supply chain eBusiness model incorporates digital solutions for efficient logistics and transportation management. This includes route optimization, real-time tracking and visibility of shipments, automated freight management, and integration with third-party logistics providers for seamless coordination.
- **Warehouse Management Systems (WMS):** Digital warehouse management systems enhance inventory visibility, optimize storage space, and streamline order fulfillment processes. They enable businesses to manage warehouse operations efficiently, improve inventory accuracy, and fulfill customer orders promptly.

Characteristics & Benefits of the Supply Chain eBusiness Model

- **Data Analytics and Performance Measurement:** The supply chain eBusiness model utilizes data analytics tools to extract insights from supply chain data. It helps identify trends, patterns, and performance metrics to make informed decisions, improve operational efficiency, and enhance supply chain performance.
- **Collaboration & Integration with Stakeholders:** The supply chain eBusiness model fosters collaboration and integration among various supply chain stakeholders, including suppliers, manufacturers, distributors, and customers. Digital platforms enable real-time information sharing, visibility, and seamless coordination, leading to enhanced collaboration and efficiency across the supply chain network.

5.3 Full-Service Provider eBusiness Model



Characteristics & Benefits of the Full-Service Provider eBusiness Model

The Full-Service Provider (FSP) model is a business model in which a company offers comprehensive end-to-end services and solutions to customers, covering various aspects of a particular industry or domain.

The FSP model goes beyond simply selling products or providing isolated services, aiming to be a one-stop solution for customers' needs.

Benefits of this model to the Company and the Customers

- Has to know a lot about the customer
- Provides own or third-party products
- Offers a wide range of products
- Offers different channels
- Internet, face-to-face, phone, etc.
- Sells its own products+ Commission for third-party products
- Some charge customers a service fee

Characteristics & Benefits of the Full-Service Provider eBusiness Model

- **Wide Range of Services:** Full-Service Providers offer a diverse range of services to address multiple aspects of their customers' requirements. These services can include product development, manufacturing, distribution, installation, maintenance, repairs, customer support, and more. By offering a comprehensive suite of services, FSPs aim to fulfill the value chain of the customer.
- **End-to-End Solutions:** FSPs provide complete end-to-end solutions that cover the entire lifecycle of a product or service. They handle various stages, from ideation and design to production, delivery, and post-sales support.

Characteristics & Benefits of the Full-Service Provider eBusiness Model

- **Single Point of Contact:** As a one-stop solution, FSPs act as a single point of contact for customers. Instead of dealing with multiple vendors or service providers, customers can rely on the FSP to handle all their needs. This simplifies the procurement process, reduces administrative overheads, and streamlines communication and coordination.
- **Integration and Coordination:** FSPs focus on integrating and coordinating various services and processes to provide a unified and cohesive solution. They bring together different capabilities, technologies, and expertise to ensure seamless integration between different stages of the value chain which enhances efficiency, reduces complexity, & improves performance.

Characteristics & Benefits of the Full-Service Provider eBusiness Model

- **Customization and Flexibility:** FSPs often offer customized solutions tailored to the specific requirements of individual customers. They adapt their services to meet the unique needs of each customer, whether it's developing custom products, implementing specialized processes, or providing personalized support.
- **Expertise and Specialization:** FSPs typically have expertise and specialization in a particular industry or domain. They possess in-depth knowledge, skills, and experience in the field they serve, allowing them to deliver high-quality services and solutions. This specialization enables FSPs to understand customer challenges and provide targeted, industry-specific expertise.

Benefits of this model to the Company and the Customers

- **Simplified Procurement:** Customers can procure a comprehensive range of services from a single provider, reducing the complexity of dealing with multiple vendors or service providers.
- **Enhanced Efficiency:** FSPs streamline processes, optimize coordination, and eliminate gaps or redundancies in service delivery, leading to improved operational efficiency.
- **Cost Savings:** By consolidating various services into a single provider, customers can potentially reduce costs associated with managing multiple vendors and coordinating activities.

Benefits of this model to the Company and the Customers

- **Improved Customer Experience:** FSPs offer a seamless and integrated experience for customers, ensuring consistent quality, reliable support, and a unified approach throughout the entire engagement.
- **Expertise and Specialization:** FSPs bring specialized knowledge and industry expertise, allowing customers to benefit from the provider's deep understanding of their specific needs and challenges.
- **Flexibility and Customization:** FSPs can tailor solutions to meet the unique requirements of individual customers, providing customized services and personalized support.

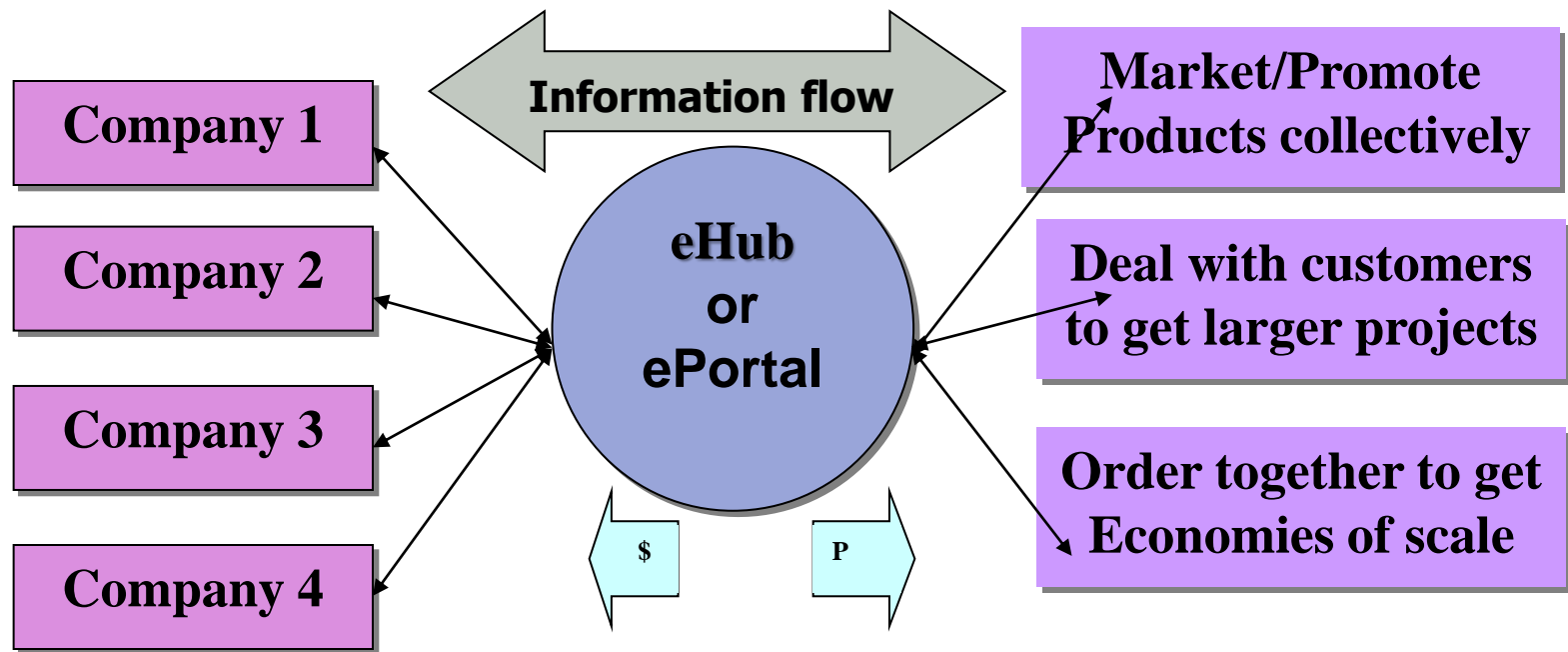
Examples of industries or sectors where the Full-Service Provider model

- **Healthcare Services:** Organizations that offer comprehensive healthcare services, including medical consultation, diagnostic services, treatment, surgery, rehabilitation, and patient support. Examples include Mayo Clinic, and Cleveland Clinic.
- **Logistics and Supply Chain Management:** Firms that provide end-to-end logistics and supply chain solutions, including transportation, warehousing, inventory management, order fulfillment, and reverse logistics. Examples include DHL, UPS, and FedEx.

Examples of industries or sectors where the Full-Service Provider model

- **Financial Services:** Institutions that provide a comprehensive range of financial services, including banking, investment management, insurance, financial planning, and advisory services. Examples include JPMorgan Chase, Goldman Sachs, and Prudential Financial.
- **Event Management and Planning:** Firms that offer event management services, handling all aspects of event planning, logistics, vendor management, audiovisual support, registration, and attendee experience. Examples include Eventbrite, Cvent, and Freeman.

5.4 Revenue sharing eBusiness Model



Benefits of this model to the Company and the Customers

- The sellers get together through a Portal
- They market/ promote products collectively to a larger market segment
- Sellers can work on larger projects/orders as they work collectively
- Collective bulk orders give them bargaining power over suppliers
- Resources, as well as profits, are shared among companies

Key Features of the Revenue Sharing eBusiness Model

- The revenue sharing eBusiness model, also known as the revenue sharing model or revenue sharing partnership, is a business model in which two or more entities collaborate and share the generated revenue based on predefined terms and agreements.
- This model involves the distribution of revenue among the participating parties, typically in proportion to their contribution or as per the agreed-upon terms.

Key Features of the Revenue Sharing eBusiness Model... cont.

- **Collaboration:** Multiple entities, such as businesses, individuals, or organizations, come together to collaborate and combine their resources, expertise, or customer base to generate revenue collectively.
- **Revenue Distribution:** The generated revenue is distributed among the participating entities based on agreed-upon criteria. This distribution can be proportional to the contribution of each party or may follow specific terms and conditions established in the partnership agreement.

Key Features of the Revenue Sharing eBusiness Model... cont.

- **Shared Risk and Reward:** The participating entities share both the risks and rewards associated with the business venture. This ensures that each entity has a stake in the success of the partnership and is motivated to work towards achieving common objectives.
- **Value-Added Synergy:** The revenue sharing model allows entities to leverage each other's strengths, resources, or customer base to create synergies that contribute to overall revenue growth. By combining complementary offerings or capabilities, the partnership can create unique value propositions and capture new market opportunities.

Revenue sharing eBusiness models are commonly found in various industries

- **Affiliate Marketing:** In affiliate marketing, a business (merchant) shares a portion of the revenue with affiliates who promote and drive sales for their products or services. Affiliates earn a commission based on the sales they generate through their referral links.
- **Online Advertising Networks:** Advertising networks, such as ad networks or ad-sharing platforms, enable website owners or content creators to earn revenue by displaying ads on their platforms. The revenue generated from ad impressions or clicks is shared between the platform and the content creators.

Revenue sharing eBusiness models are commonly found in various industries

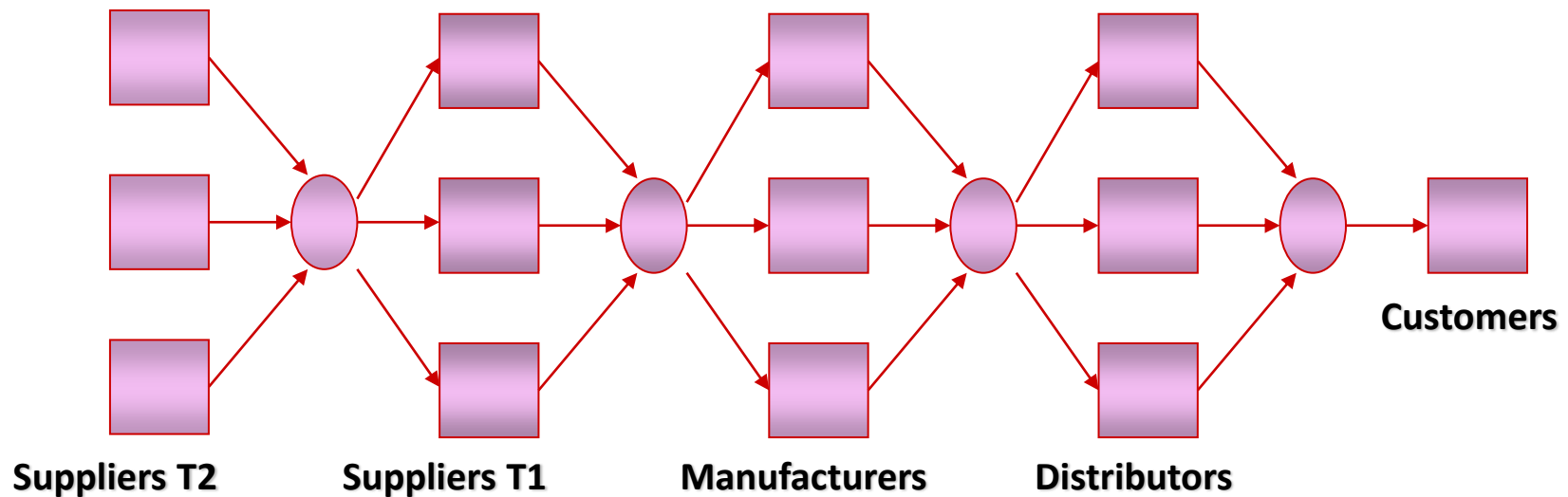
- **App Stores and Digital Platforms:** Platforms like app stores or digital content marketplaces often operate on a revenue sharing model. Developers or content creators earn a portion of the revenue generated from the sales or downloads of their apps, games, or digital content, while the platform operator retains a percentage as a distribution fee.
- **Reseller Programs:** Some companies offer reseller programs where individuals or businesses can resell their products or services. The reseller earns a portion of the revenue from each sale they make, while the company retains the remaining revenue.

Revenue sharing eBusiness models are commonly found in various industries

- Joint Ventures: In joint ventures, two or more entities collaborate to establish a new business entity or partnership. The revenue generated by the joint venture is shared among the participating entities based on the terms agreed upon in the joint venture agreement.

The revenue-sharing eBusiness model allows entities to pool their resources, expertise, and customer base to achieve mutual benefits and maximize revenue potential. It promotes collaboration, risk sharing, and the alignment of interests among participating entities.

5.5 Digital Value Hub - eRegion



Key Features of the Digital Value Hub eBusiness Model

- The term "Digital Value Hub" refers to a digital platform or ecosystem that serves as a central hub for creating, sharing, and exchanging value within a specific industry or market.
- It leverages digital technologies and capabilities to facilitate collaboration, innovation, and value creation among various stakeholders.

Key characteristics and components of a Digital Value Hub

- **Digital Platform:** A Digital Value Hub is typically built on a digital platform that enables seamless connectivity, communication, and interaction among participants. The platform may include features such as data sharing, collaboration tools, analytics capabilities, and integration with other systems or applications.
- **Value Creation:** The primary purpose of a Digital Value Hub is to facilitate value creation. It brings together different stakeholders, such as businesses, customers, suppliers, partners, and even individuals, to collaborate, exchange ideas, and co-create new products, services, or solutions. The hub acts as a catalyst for innovation and value generation within the industry.

Key characteristics and components of a Digital Value Hub

- **Ecosystem Collaboration:** A Digital Value Hub fosters collaboration and partnerships within an ecosystem. It enables participants to connect and collaborate across traditional boundaries, breaking down silos and promoting cross-industry or cross-sector collaboration.
- **Data Sharing and Analytics:** A Digital Value Hub leverages data sharing and analytics capabilities to unlock insights and drive informed decision-making. Participants can share relevant data, such as customer behavior, market trends, operational metrics, and performance indicators, to gain a deeper understanding of the industry landscape and identify opportunities for growth and optimization.

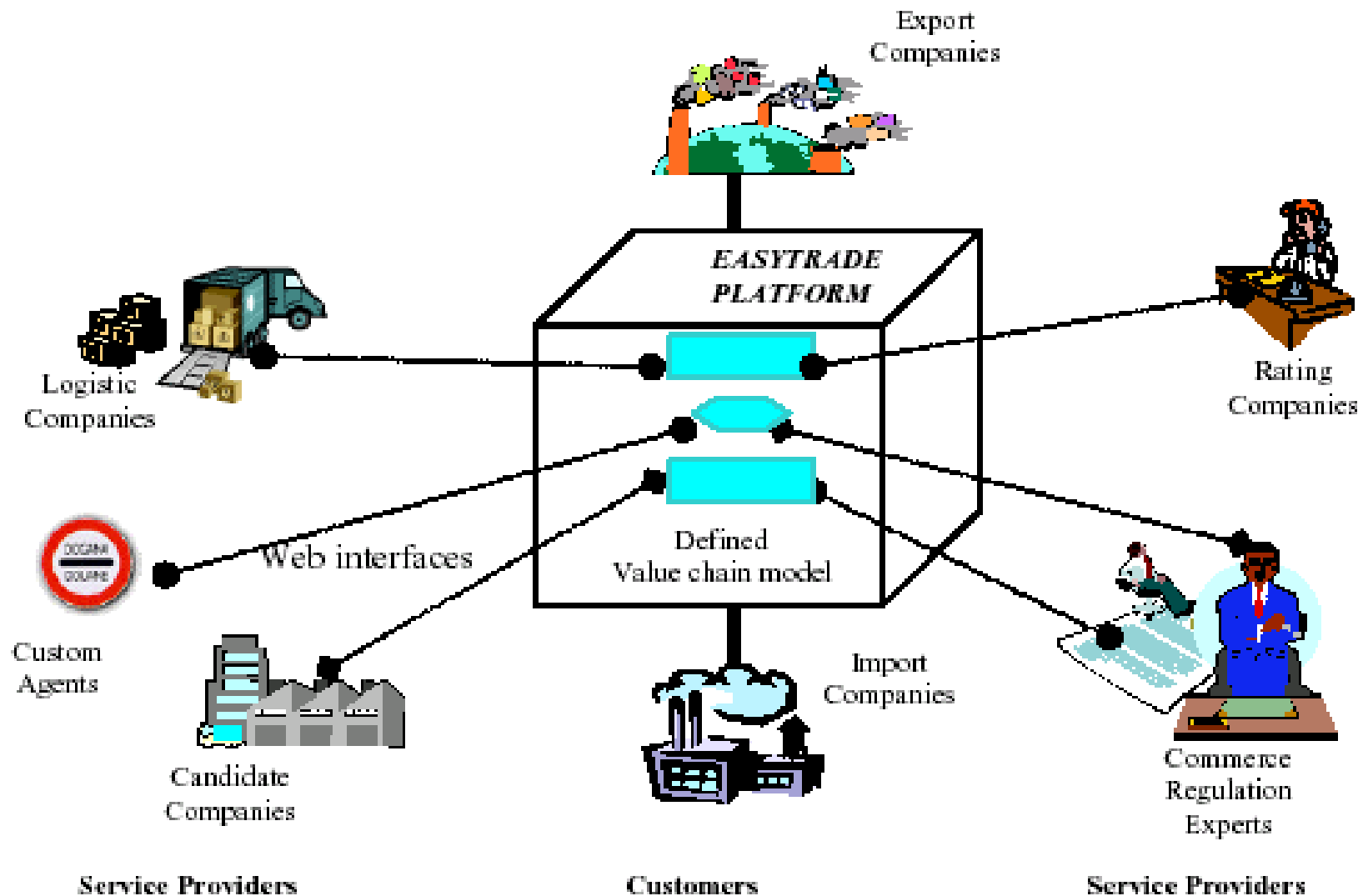
Key characteristics and components of a Digital Value Hub

- **Value Exchange and Monetization:** The Digital Value Hub facilitates value exchange and monetization opportunities for participants. It enables transactions, partnerships, and commercial interactions within the ecosystem.
- **Digital Transformation Enabler:** A Digital Value Hub plays a crucial role in driving digital transformation within an industry or market. It promotes the adoption of digital technologies, encourages digital mindset and capabilities, and facilitates the integration of digital solutions into participants' operations and strategies.

Benefits of this model to the Company and the Customers

- Strong B2B partnerships and collaborations between nodes in the supply chain
- The industry competitors' willingness to work together
- Trust relationships among the competitors in an industry
- A strong force against foreign competition
- Increased collaboration and knowledge sharing within the ecosystem.
- Accelerated innovation and co-creation of new products, services, and business models.
- Improved customer experiences through personalized and tailored solutions.
- Enhanced operational efficiency and optimization through data-driven insights.
- Strengthened partnerships and ecosystem relationships.

5.6 Global Trade Platform for SMEs



A Global Trade Platform for SMEs. Cont.

A Global Trade Platform for Small and Medium Enterprises (SMEs) is an online platform that facilitates international trade and business transactions for SMEs across borders.

It serves as a digital marketplace, connecting SMEs with potential buyers, suppliers, and service providers from around the world. The platform provides a range of tools, resources, and services to simplify and streamline global trade processes for SMEs.

A Global Trade Platform for SMEs. Cont.

Key features and functionalities of a Global Trade Platform for SMEs :

- **Business Matching:** The platform uses algorithms and data analytics to match SMEs with suitable trading partners based on their product/service offerings, market preferences, and other relevant criteria. This facilitates the identification of potential buyers or suppliers in different countries.
- **Product Listings and Showcasing:** SMEs can create online profiles and list their products or services on the platform. They can provide detailed information, images, and specifications to showcase their offerings to potential customers globally.

A Global Trade Platform for SMEs. Cont.

- **Communication and Collaboration:** The platform enables secure and efficient communication between SMEs and their trading partners. It may provide features like messaging systems, video conferencing, and document sharing to facilitate negotiations, inquiries, and collaboration.
- **Trade Facilitation:** The platform may offer tools and services to support trade facilitation activities such as customs documentation, logistics and shipping coordination, payment processing, and compliance with international trade regulations. This helps SMEs navigate the complexities of cross-border trade more easily.

A Global Trade Platform for SMEs. Cont.

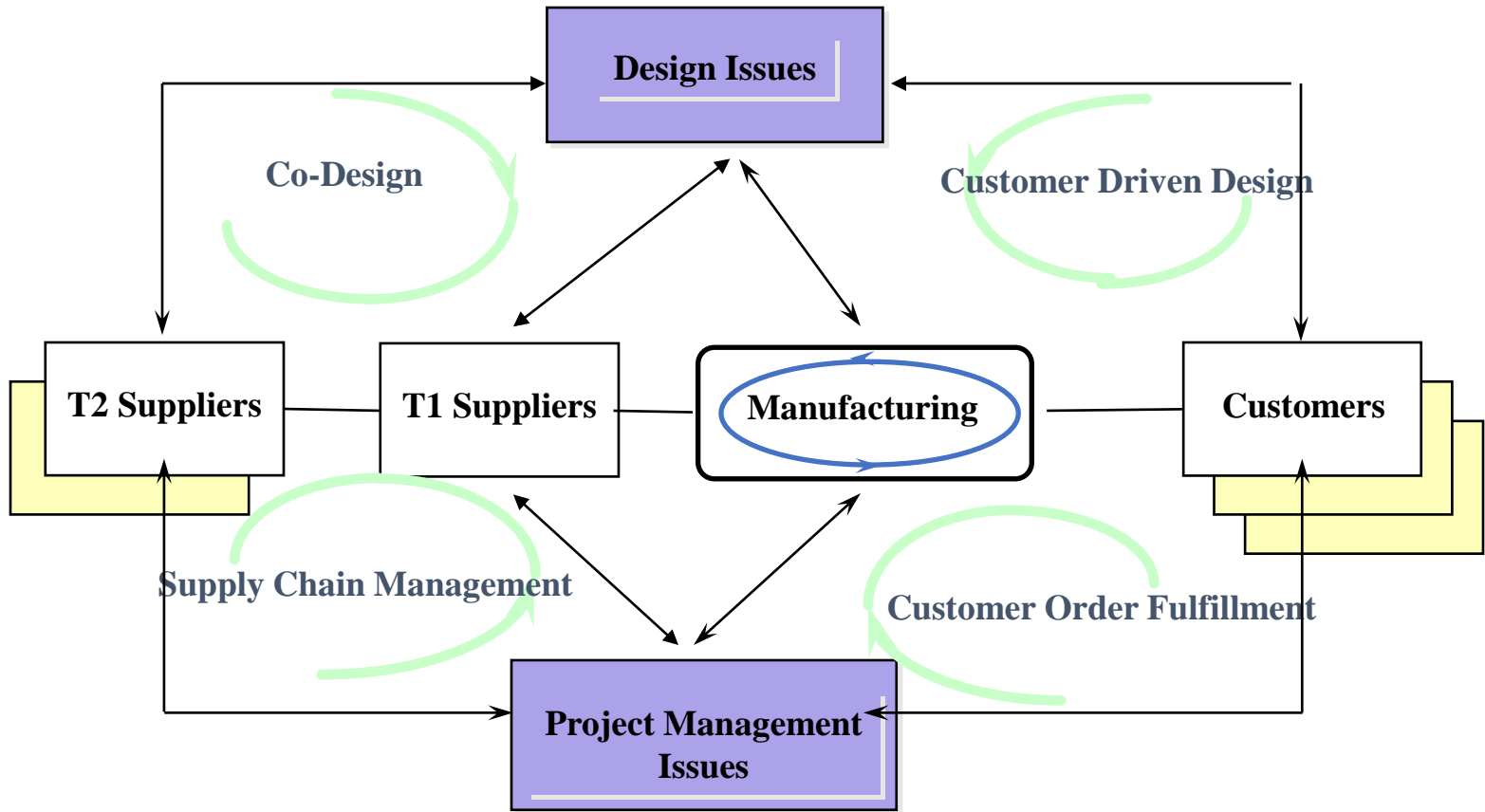
- **Market Intelligence:** A Global Trade Platform for SMEs may provide market intelligence and insights to help SMEs understand global market trends, consumer behavior, and regulatory changes. This information enables SMEs to make informed decisions and adapt their strategies accordingly.
- **Financial Services:** Some platforms may offer access to financial services like trade financing, export credit insurance, and payment solutions to facilitate secure and efficient financial transactions between SMEs and their global partners.

A Global Trade Platform for SMEs. Cont.

- **Training and Support:** The platform may provide training resources, webinars, and educational content to enhance SMEs' knowledge of international trade practices, regulations, and best practices. It may also offer customer support services to address any queries or issues faced by SMEs during their trade journey.

The aim of a Global Trade Platform for SMEs is to empower smaller businesses with the tools, resources, and global reach to expand their market presence, explore new opportunities, and engage in international trade more effectively. By leveraging such platforms, SMEs can overcome traditional barriers to entry in global markets and access a wider customer base, leading to growth and increased competitiveness.

The Extended Enterprise - Collaborating to Win



Professor Jim Browne, CIMRU, NUI, Galway.

Who is Building Boeing 7E7?



The Extended Enterprise

The Extended Enterprise refers to the expansion of an organization's business activities and relationships beyond its traditional boundaries. It involves collaboration, integration, and coordination with external stakeholders, such as suppliers, customers, partners, distributors, and other entities, to create a networked ecosystem that collectively works towards shared goals.

In the context of the Extended Enterprise, organizations recognize that their success is not solely dependent on internal operations but also on the capabilities, resources, and contributions of external entities. It emphasizes the notion that an organization's value chain extends beyond its own boundaries and encompasses the entire network of relationships it has with external parties.

The Extended EnterpriseCont.

Key characteristics and components of the Extended Enterprise include:

- **Collaboration:** The Extended Enterprise promotes collaboration and partnerships between an organization and external entities. It involves sharing information, resources, and expertise to achieve common objectives and create value for all participants.
- **Supply Chain Integration:** The concept recognizes the importance of integrating suppliers, distributors, and logistics partners into the organization's value chain. Effective supply chain management and coordination enable a seamless flow of materials, information, and services across the network.

The Extended EnterpriseCont.

- **Customer Engagement:** The Extended Enterprise focuses on actively involving customers and understanding their needs, preferences, and feedback. This allows organizations to tailor their products, services, and experiences to meet customer expectations and enhance customer satisfaction.
- **Technology Enablement:** Technology plays a vital role in enabling and supporting the Extended Enterprise. Digital platforms, data sharing, cloud computing, and other technologies facilitate seamless communication, collaboration, and integration among various entities within the network.

The Extended EnterpriseCont.

- **Risk Management:** The Extended Enterprise recognizes the need for effective risk management across the network. Organizations must assess and mitigate risks associated with their external relationships, such as supply chain disruptions, cybersecurity threats, and regulatory compliance.
- **Value Co-creation:** The concept emphasizes that value is not created solely by the organization itself but through collaborative efforts with external stakeholders. The Extended Enterprise encourages the co-creation of value by leveraging the complementary strengths, capabilities, and resources of all participants.

Benefits of The Extended Enterprise

- **Access to Specialized Expertise:** By collaborating with external partners, organizations can tap into specialized expertise and knowledge that may not be available internally. This allows them to leverage the skills and capabilities of external entities to enhance their own operations, innovation, and problem-solving capabilities.
- **Increased Agility and Flexibility:** The extended enterprise promotes agility by enabling organizations to quickly adapt and respond to market changes. Through collaboration with external partners, organizations can access additional resources, technologies, and market insights, allowing them to pivot strategies, scale operations, and enter new markets more efficiently.

Benefits of The Extended EnterpriseCont.

- **Enhanced Innovation:** Partnering with external entities brings diverse perspectives, ideas, and approaches to the table, fostering a culture of innovation. By engaging in collaborative research and development efforts, organizations can leverage the collective creativity and expertise of the extended enterprise network to drive innovation, develop new products or services, and stay ahead of the competition.
- **Cost Optimization:** The extended enterprise can help organizations optimize costs by leveraging external resources and capabilities. By collaborating with suppliers, outsourcing non-core functions, or sharing resources with partners, organizations can reduce operational costs, achieve economies of scale, & improve cost efficiency.

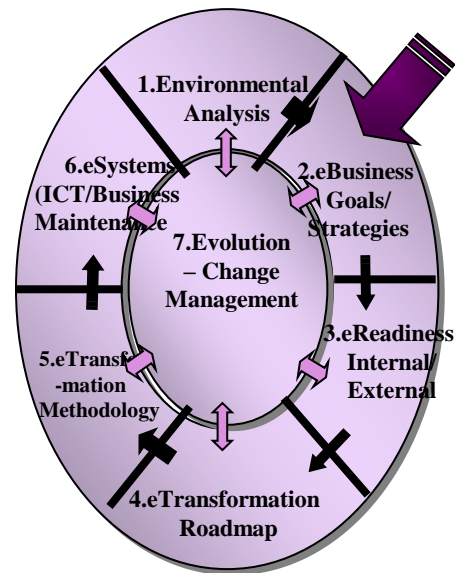
Benefits of The Extended EnterpriseCont.

- **Improved Customer Satisfaction:** Engaging external stakeholders, including customers, in the extended enterprise ecosystem enables organizations to gain a deeper understanding of customer needs and preferences. By actively involving customers in product development, service design, and feedback processes, organizations can enhance customer satisfaction, loyalty, and retention.
- **Risk Mitigation and Resilience:** The extended enterprise approach allows organizations to distribute risks across the network. By diversifying suppliers, collaborating on risk management strategies, & sharing resources, organizations can mitigate the impact of supply chain disruptions, regulatory changes, or other risks. This enhances organizational resilience ensuring business continuity.

Benefits of The Extended EnterpriseCont.

- **Global Market Expansion:** Collaborating with partners in different regions can help organizations expand into new markets more effectively. By leveraging the local knowledge, distribution channels, and customer relationships of their partners, organizations can navigate cultural nuances, regulatory requirements, and market dynamics in international markets.
- **Competitive Advantage:** The extended enterprise enables organizations to leverage the collective strengths of the network, resulting in a competitive advantage. By combining resources, expertise, and capabilities, organizations can differentiate themselves in the market, deliver unique value propositions, and outperform competitors.

Goals, Directions, Strategies and Competitive Advantage



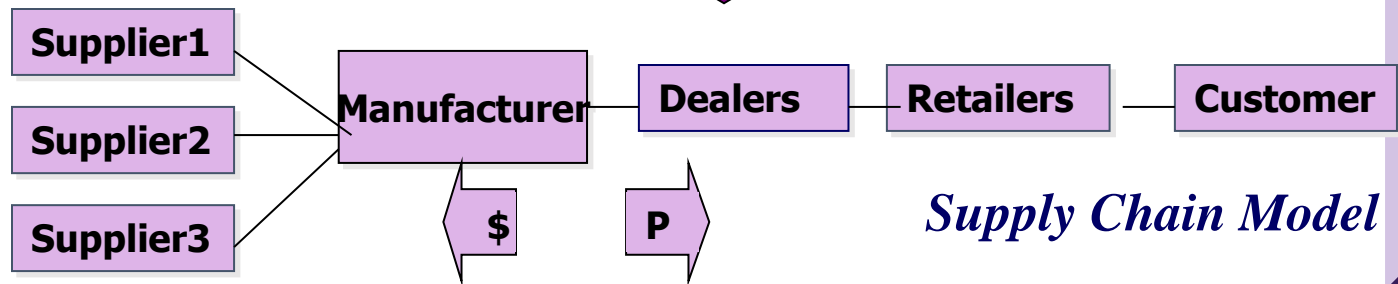
•Be the Cost Leader

Cost/Price
↕
Features/Quality

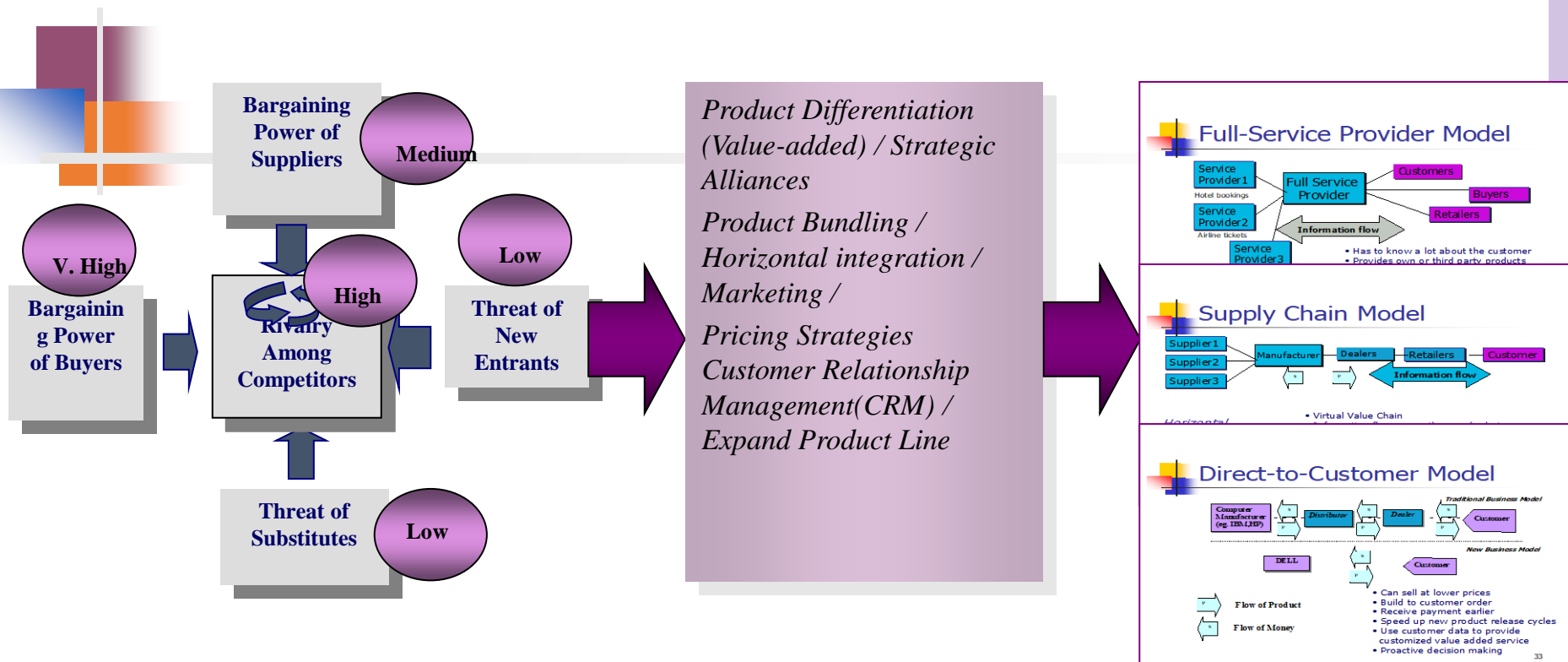
•Differentiate

Features/Quality
↕
Cost/Price

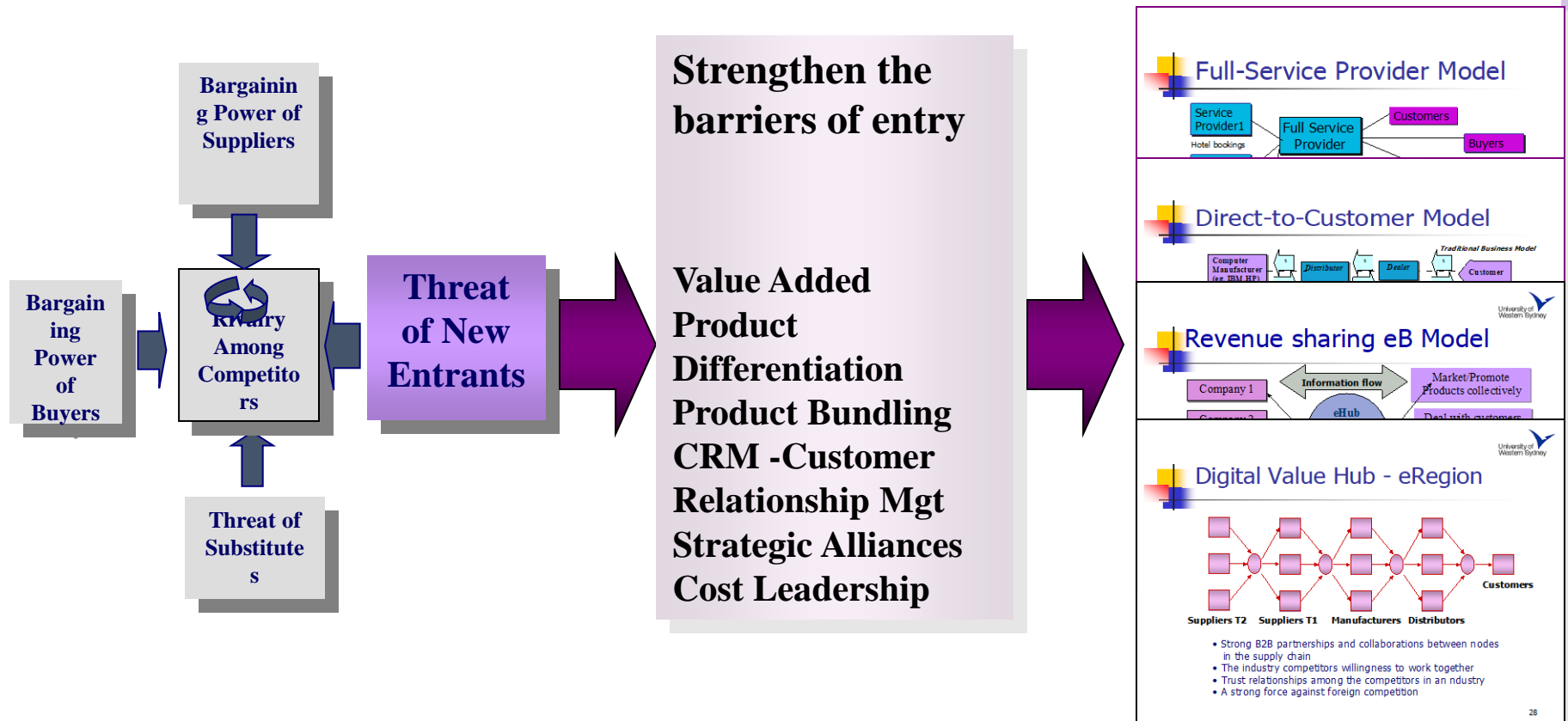
Apply eBusiness Model



Linking Industry Forces, Business Strategies and eBusiness Models



Threat of New Entrants

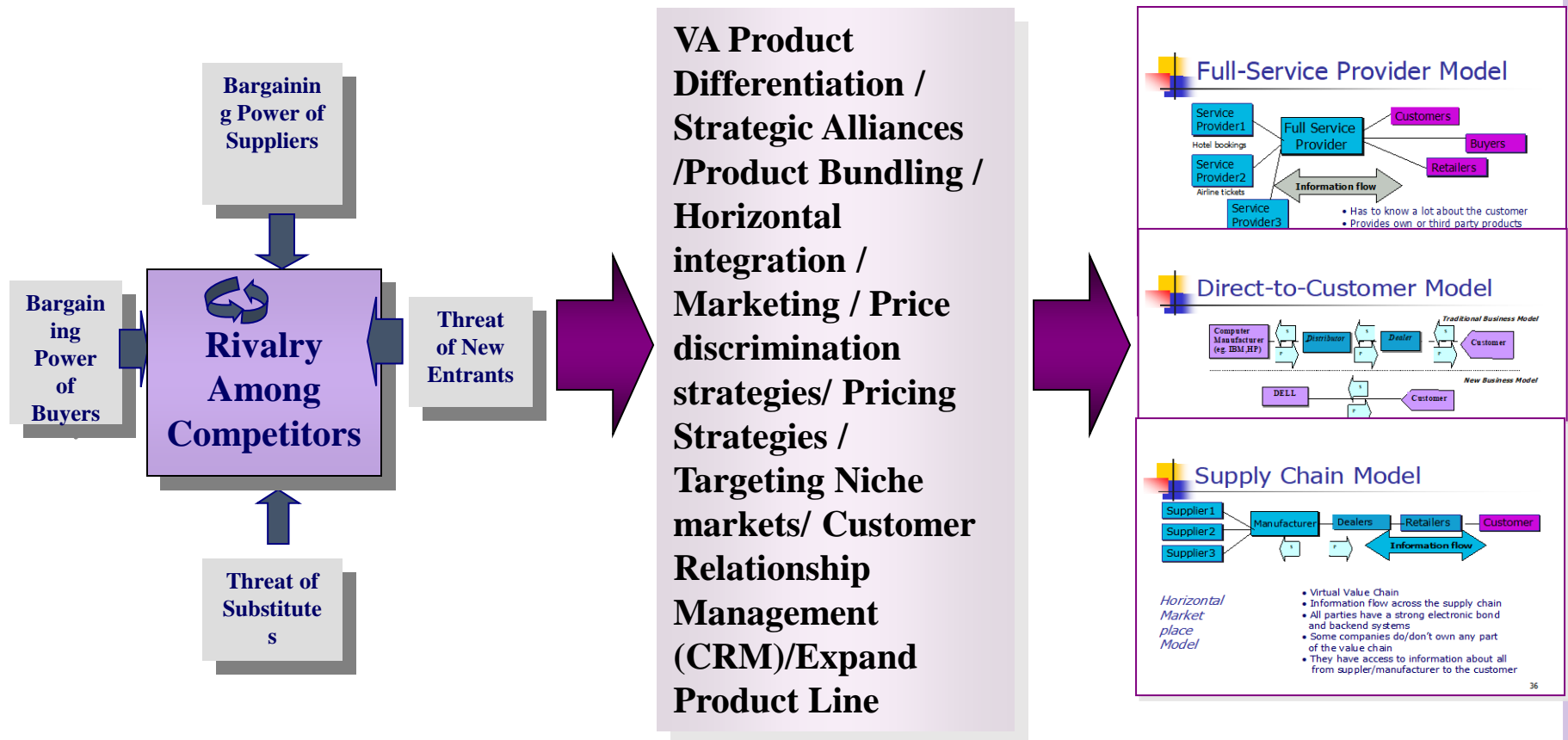


Micheal Porter's Five Forces

Business Strategies

eBusiness Models

Rivalry Among Existing Firms

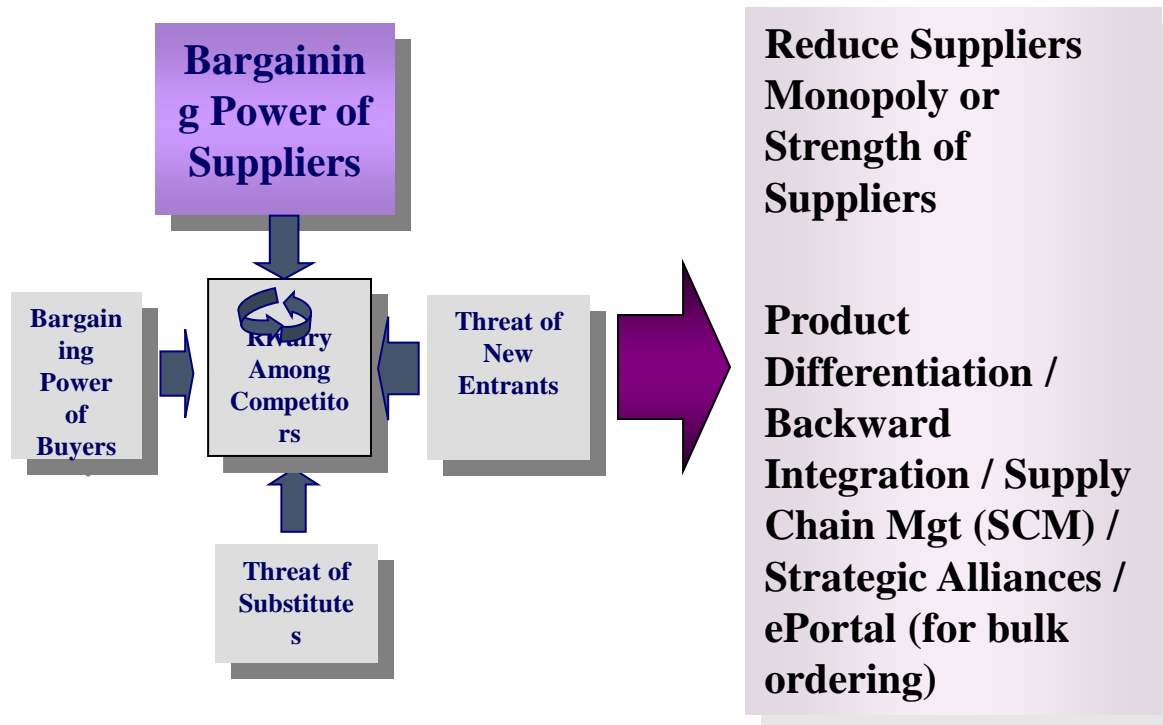


Micheal Porter's Five Forces

Business Strategies

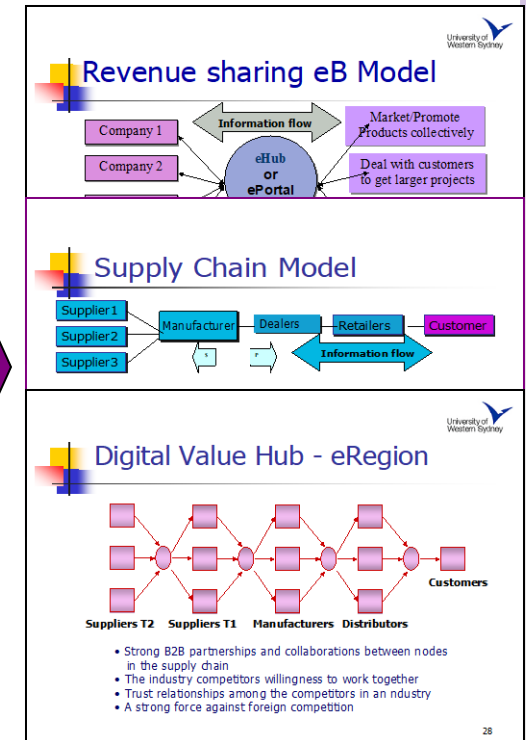
eBusiness Models

Bargaining Power of Suppliers



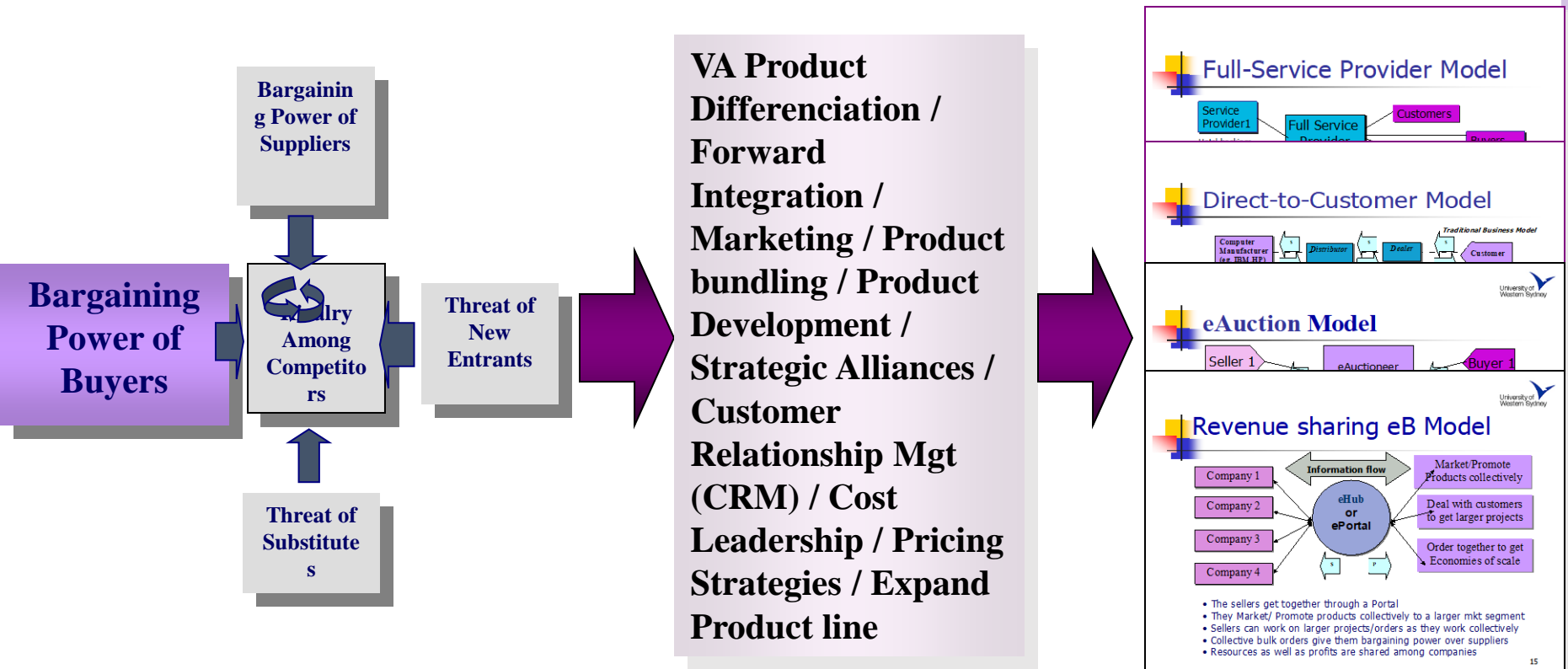
Michael Porter's Five Forces

Business Strategies



eBusiness Models

Bargaining Power of Buyers



Micheal Porter's Five Forces

Business Strategies

eBusiness Models

Bargaining Power of Substitutes



Micheal Porter's Five Forces

Business Strategies

eBusiness Models

eBusiness Goals/Strategies

Force	Business Strategies	eBusiness Models
Threat of New Entrants	Product Differentiation / Product Bundling / Customer Relationship Mgt (CRM)/Strategic Alliances / Cost Leadership	Direct-to-Customer Full-Service Provider ePortal / eRegion
Rivalry among existing Firms	Product (Value-added) Differentiation / Strategic Alliances /Product Bundling / Horizontal integration / Marketing / Price discrimination strategies/ Pricing Strategies / Targeting Niche markets/ Customer Relationship Management (CRM)	Full-Service Provider ePortal Supply Chain Model Direct-to-customer Model
Threat of Substitutes	Product Diversification / Market Diversification Product Bundling / Strategic Alliances / Pricing Strategies	Full-Service Provider ePortal / eRegion
Bargaining Power of Suppliers	Product Differentiation / Backward Integration / Supply Chain Mgt (SCM) / Strategic Alliances / ePortal (for bulk ordering)	Supply Chain Model EPortal /eRegion
Bargaining Power of Buyers	Product (Value Added) Differenciation / Forward Integration / Marketing / Product bundling / Product Development / Strategic Alliances / Customer Relationship Mgt (CRM) / Cost Leadership / Pricing Strategies / Expand Product line	Direct-to-customer Full-Service Provider ePortal /eAuctioneer

Conclusion

eBusiness Transformation needs proper business strategies and models to gain the competitive advantage

Issues need to be looked at on building Trust relationships with Strategic Partners as well as Customers