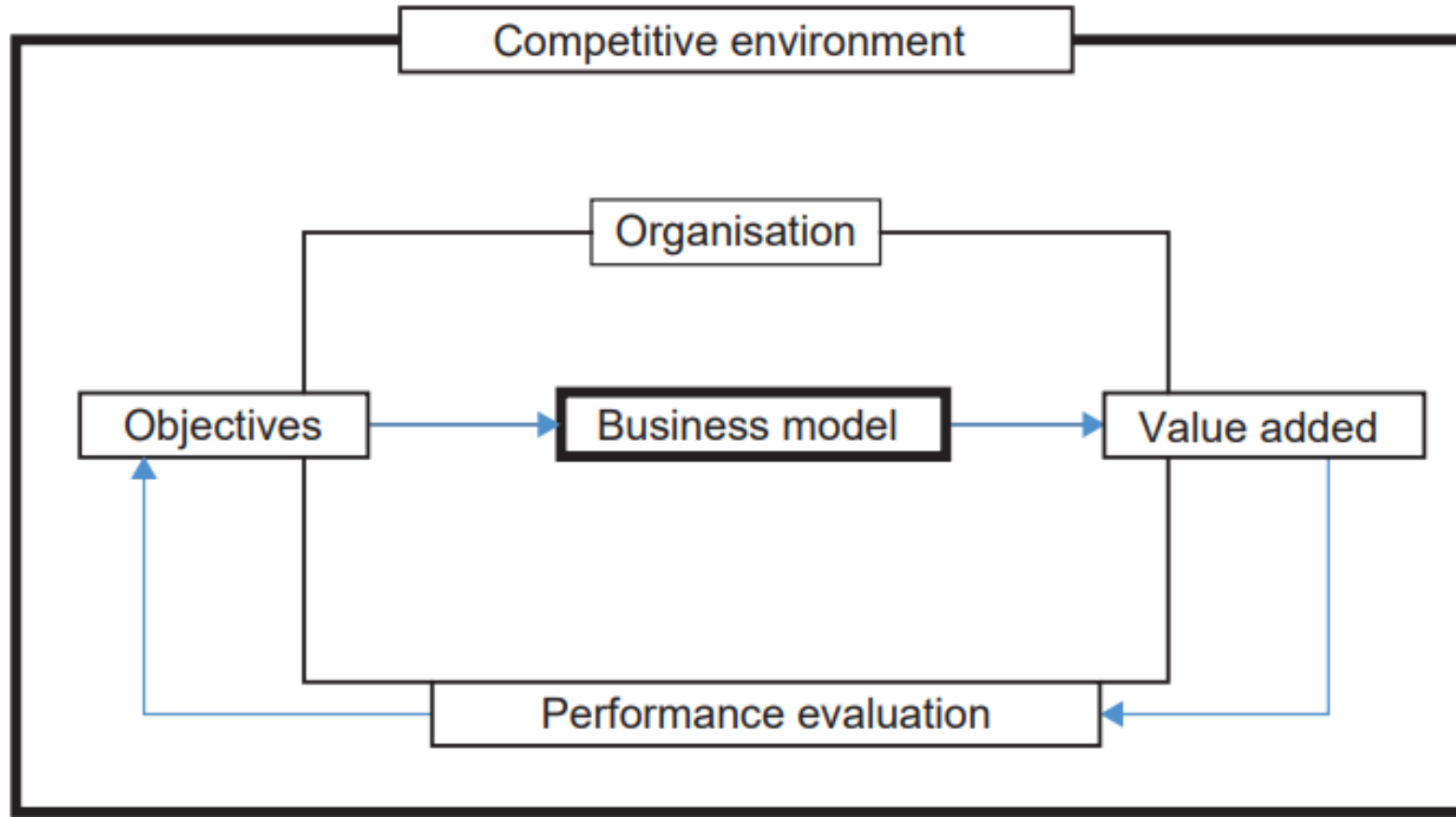
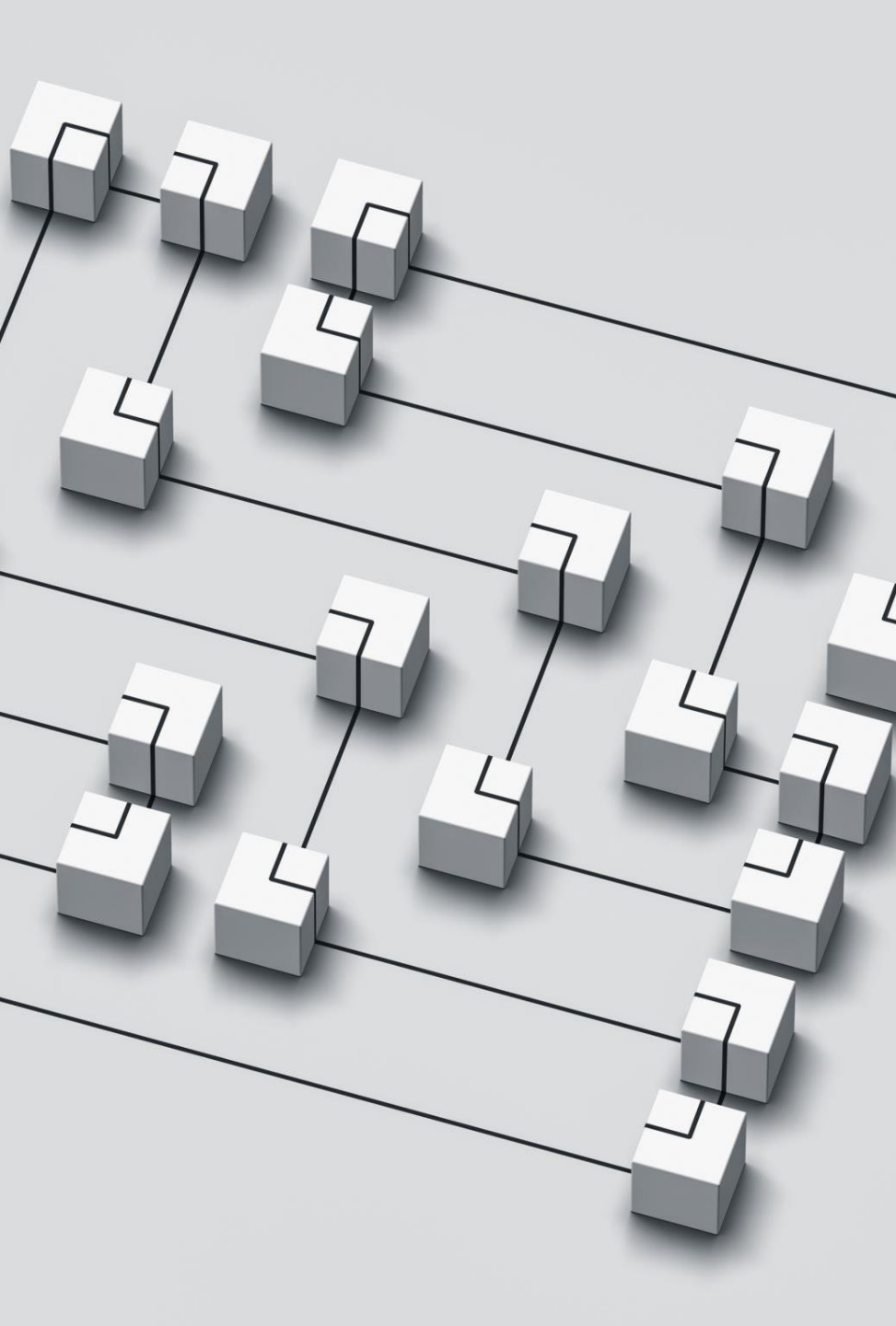




15 minutes Break

A framework for analyzing e-business models





key characteristics of a viable e-commerce model Lee (2001)

- Design programs that take advantage of the internet network effects and other disruptive attributes to achieve a critical mass of installed customer base
- Leverage on a single set of digital assets to provide value across many different and disparate markets
- Build trust relationships with customers through e-business communities to increase their costs of switching to other vendors
- Transform value propositions and organisational structures for enhanced value creation
- Generate synergy effects on e-commerce product and service offerings



critical success factors

01

Understand and
exploit the e-
marketspace
characteristics

02

Add value to
customers

03

Achieve
economic
viability

E-marketspace characteristics

- The e-marketspace comprises supply and demand characteristics
- The supply of products and services into the e-marketspace depends on the competitive structure of each industry sector.
 - B2C
 - B2B – Examples Below
- B2B firms adopt can be built around value-added characteristics
 - Increasing efficiency of procuring raw materials
 - Reductions in product costs
 - Better communications with supply chain partners
 - Increased efficiency from streamlining the supply chain process
 - Better quality service provision and delivery
 - Better information on product availability, quality and price

Adding value to customers

- The drivers of added value determine how firms meet or exceed expectations of customers.
- The key drivers include the value proposition based on the types of products or services offered,
 - the price of those products and services,
 - the level of differentiation that supports the unique selling proposition.
- The added value to customers may be in the design or application of the products or services themselves, or it may derive from the distinct advantages that the internet offers as a means of communication and transacting

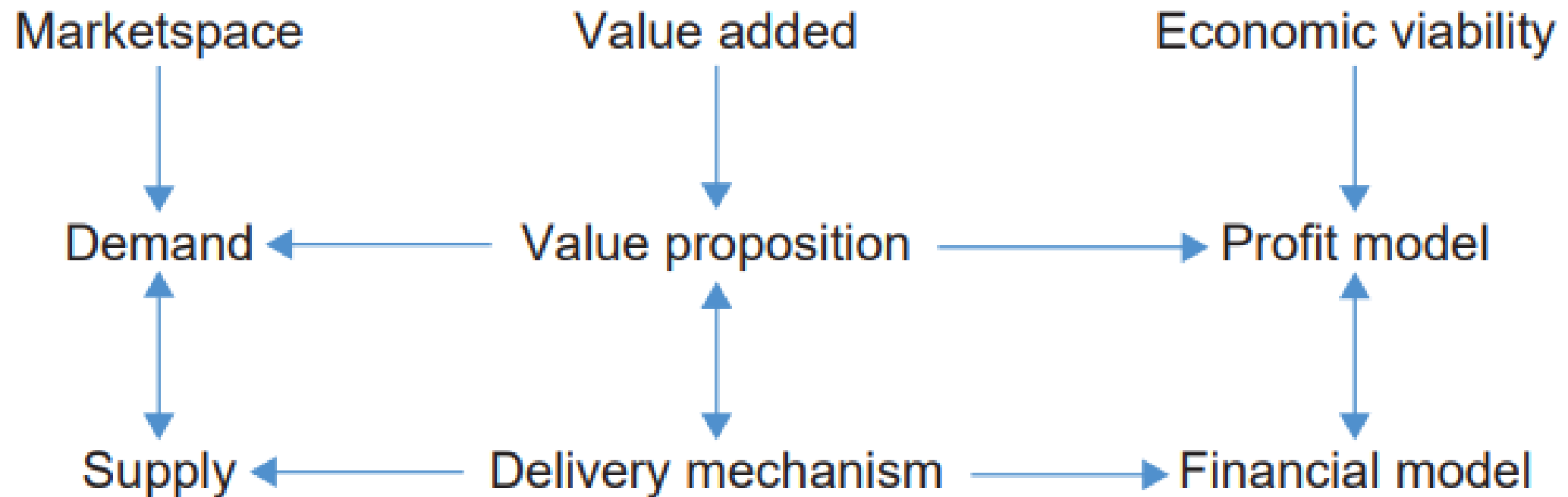
Value Adding characteristics

- Convenience
- Continuous availability
- Price transparency
- Interactivity
- Wider choice
- Quicker fulfilment
- Personalisation
- Customisation
- Access to a huge amount of information

Achieving economic viability

- To determine economic viability, a number of indicators from the profit model and the financial model can be used.
- The profit model comprises the profit and loss results, the cost structure and the revenue generated through the application of the e-business model.
- The financial model centres on the cash flow of the firm, the value of assets owned by the firm and the financial structure of the business.
- Close inspection of the data generated by the profit and financial models reveals the performance of the e-business model.
- Financial analysis is an important performance indicator
- There are a number of factors that can determine the economic viability of an e-business model.

Achieving a critical mass of customers





Continuing to innovate and add value

- must be able to continue to add value to customers
- involve the marketing and promotion of the products or services,
 - the types of discounts and incentives that can be offered,
 - tie-ins with other products and services,
 - access to further sources of information,
 - access to virtual communities of buyers and interactivity, customisation
- These benefits create switching costs for customers

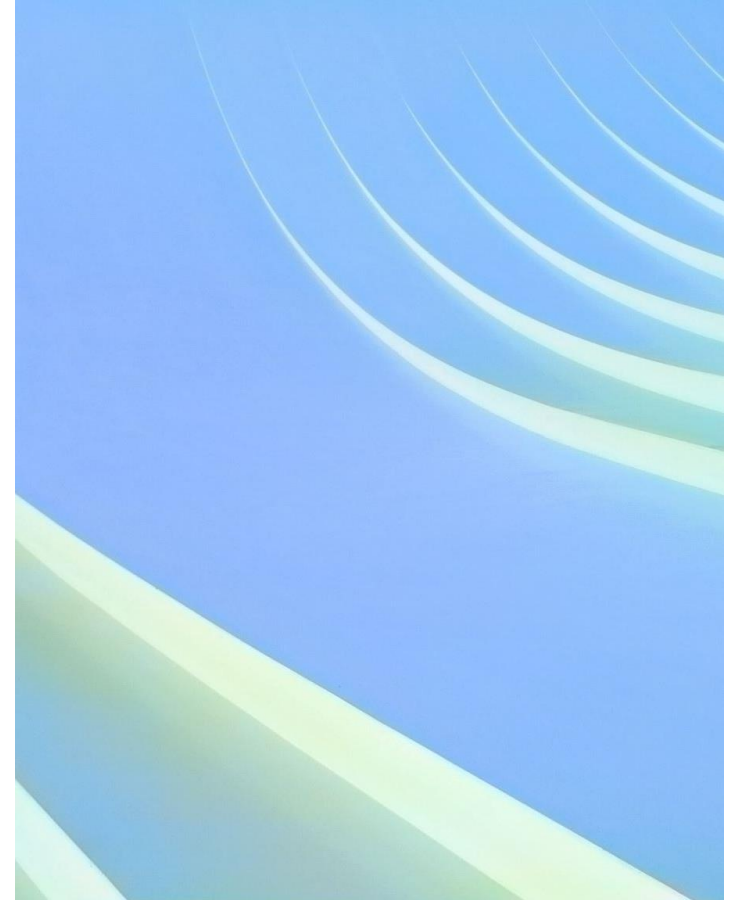
Design for flexibility

must be able to be adapted to suit related and unrelated business opportunities.

For some firms it is important to design an e-business model that can be integrated with other business models so that alignment of all business components can be achieved.

Where customers seek value from one-stop-shopping online then firms can integrate business models to take advantage of cross-selling opportunities.

The viability of the e-business model would depend on where the greater revenue could be derived



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