

Business Process  
Chapter Two

# Spotting E-Business Trends

**G Roy Antony Arnold**  
Lecturer  
Panimalar Engineering College  
Chennai, Tamilnadu, India

# What is a Trend?

Trends are essential filters for managers so that they can separate signal from noise

**“Look Before, or you’ll find yourself behind.”  
- Benjamin Franklin**

# E-Business Trends

- Trends: spotting, analyzing, and exploiting themes in technology, markets, etc.
  - > Ways to think further into the future
  - > Identify ideas that will impact and disrupt business
- Strategy: how to exploit e-business trends to create profits
  - > Screen opportunities, identify value
  - > Translate trends into opportunities
  - > Translate opportunities into strategy

**Trend-spotting drives strategy**

# E-Business Trends

## ◎ Customer trends

- > Faster Service
- > Self service
- > More Product Choices
- > Integrated solutions, not piecemeal products

## ◎ E-service - service and process trends

- > Convergence of sales and service
- > Seamless Support
- > Flexible fulfillment convenient delivery
- > Increased Process Visibility

# E-Business Trends (cont.)

## ◉ Organizational trends

- > Outsourcing -- retain the core, outsource the rest
- > Contract manufacturing
- > Virtual Distribution, Private hubs and Public exchanges

## ◉ Employee Trends

- > Hiring the Best and Brightest
- > Keeping talented employees

## ◉ Enterprise technology trends

- > Integrated enterprise apps
- > Multi-Channel Integration -- user view integration
- > Middleware -- back-end integration

# E-Business Trends (cont.)

## ◎ General Technology Trends

- > Wireless Web Applications
- > Handheld Computing and Information Appliances
- > Infrastructure convergence
- > Application Service Providers
- > Web Services
- > E-learning tools and methods

# Consumer Trends: Faster Service

- ◎ People want to maximize their limited available time

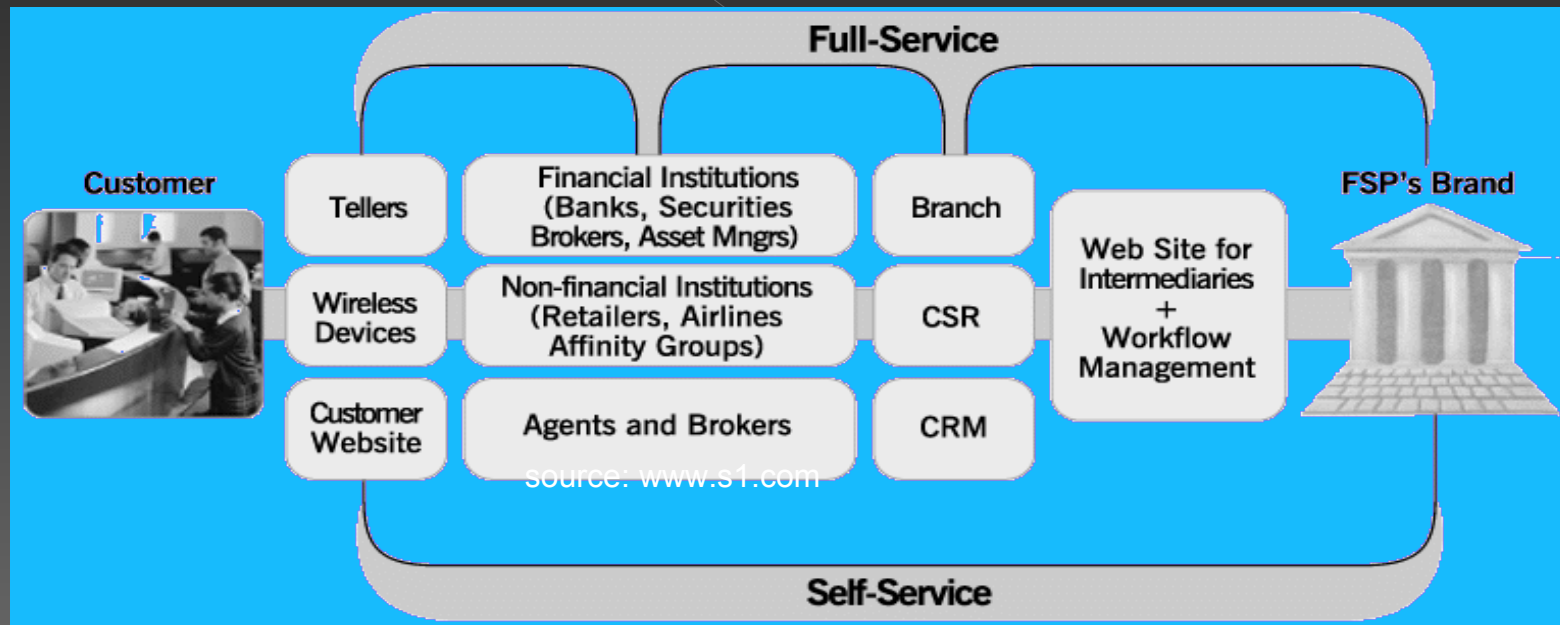
- > Value for the time
- > Getting things done right everytime
- > Right levels of service
- > Entertaining and engaging experiences

- ◎ Often, the answer is to integrate previously separate processes in fulfilling orders

# Consumer Trends Self-Service: Empowered Customers

## Self-Service is Maturing

- > 24/7/365 ordering
- > Disintermediation



Self-Service complementing Full-service:

Example from the Insurance Industry <sup>8</sup>



# Consumer Trends -Integrated Solutions, Not Piecemeal Products

- ⦿ One-stop life-needs providers
  - > Wal-Mart
- ⦿ One-stop lifestyle providers
  - > The Gap
- ⦿ One-stop life-path providers
  - > Toys-R-Us

**Long term drivers and demand for integrated solutions are clear**



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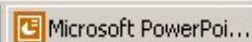
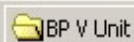
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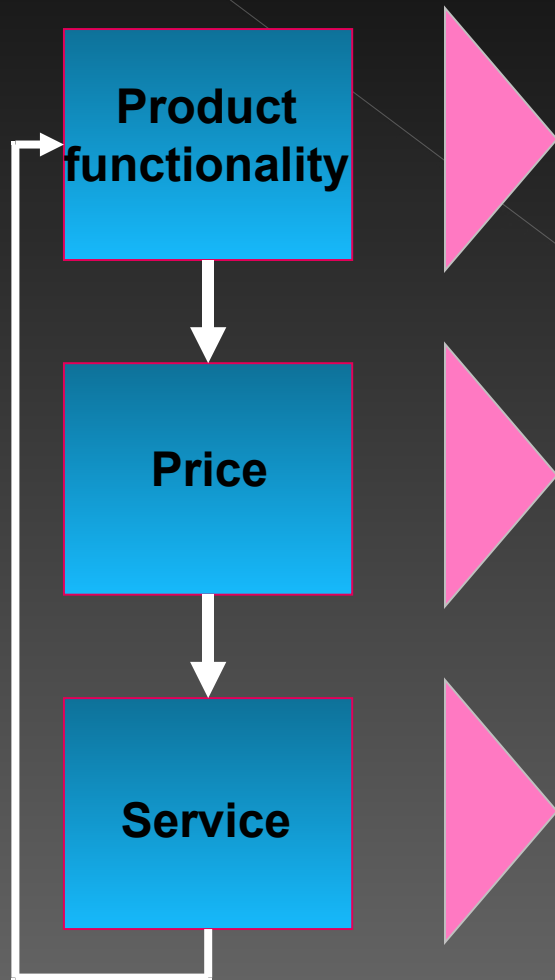
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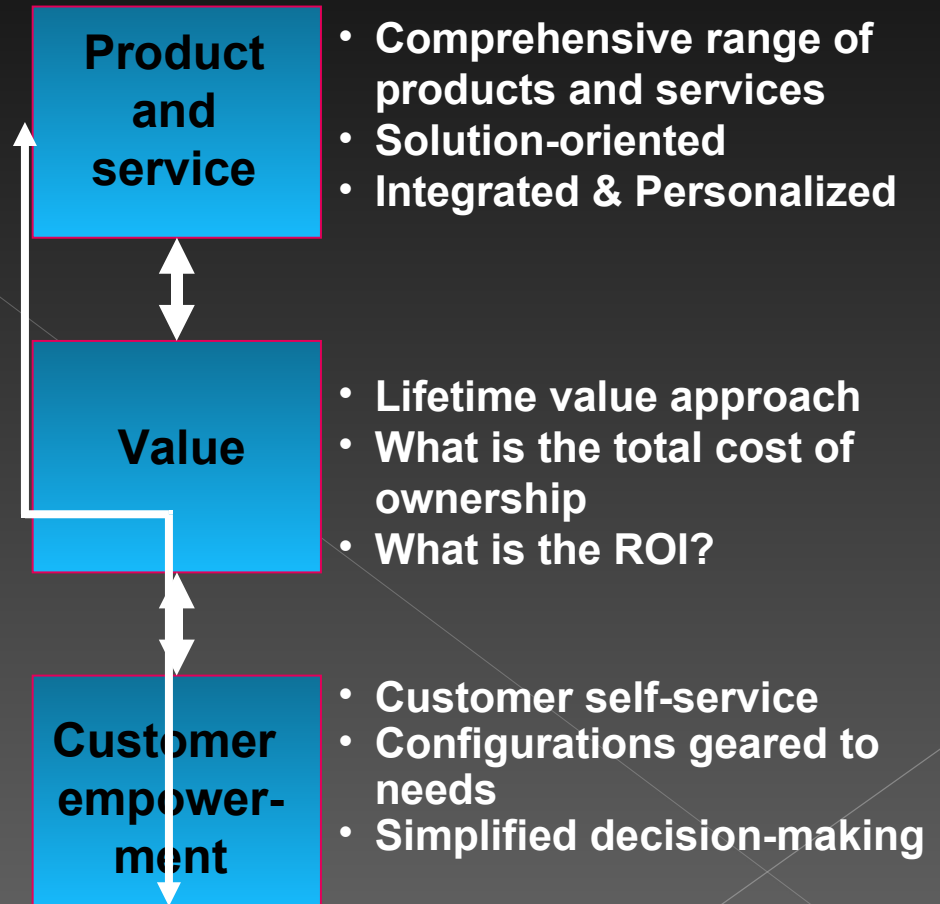
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# Integrated Solutions, Not Piecemeal Products

## *Past* -- Product-based competition



## *Today* -- Solution-based competition



# e-Service Trends: Integrated Sales and Service

- Cross-selling and up-selling while providing service.
- Home Depot is in “perpetual service mode.”

- **Users expect more from a web site**
- **Customers demand customized and consistent experience across channels and products**

## e-Service Trends: Seamless Support: Consistent and Reliable Customer Service

- ◉ An interesting experience with AT&T
  - > Getting a bill for \$0.00
  - > Receiving collection notices for \$0.00
- ◉ Moving from transactional only sites to relationship sites
  - > Must integrate marketing, selling and customer service into all aspects of the business and customer experience

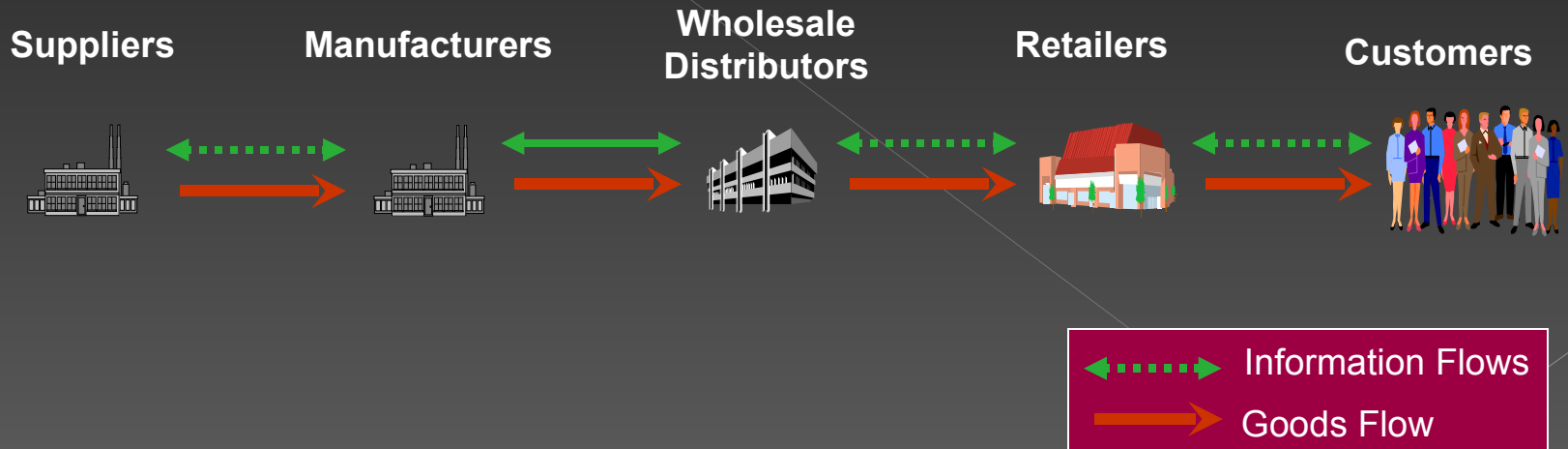
## e-Service Trends: Flexible Fulfillment and Convenient Service Delivery

- ◉ Consumers expect prompt and accurate delivery of the goods they have ordered.
- ◉ Expectation -- “We’ll put up a website and ship stuff out. It’ll be great!”
- ◉ Result – Fulfillment is hard. Lots of .com fatalities after Xmas 1999
- ◉ Our understanding -- Catalog and Online fulfillment is hard:
  - > Average order size of 1.7 items
  - > Picking individual items
  - > No bulk shipments, individually packed



# e-Service Trends: Increase Process Visibility

- Let the customer have access to your tracking system
- Provide visibility into the supply chain



# Organizational Trends: Outsourcing

- ◉ Focus on core competencies
- ◉ Cost reduction on a global scale – IT enabled outsourcing models
- ◉ Global service outsourcing trends not local outsourcing anymore

**Virtual enterprise designs– Requirement  
Boundary Spanning Coordination**

## Organizational Trends: Contract Manufacturing: Become Brand Intensive

- ◉ Separation of marketing and manufacturing, allowing companies to specialize in one or the other
- ◉ Sara Lee example: “Move from a capital/asset (or manufacturing) intensive company to a knowledge (and marketing) intensive firm”



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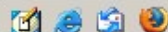
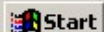
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BP V Unit

Microsoft PowerPoi...

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untitled - Paint



# Employees MegaTrend

- ◉ Give employees greater autonomy, decision making capability, advancement based on performance, e.g. Nordstrom
- ◉ Employee retention
- ◉ Don't give employees technology, give them solutions



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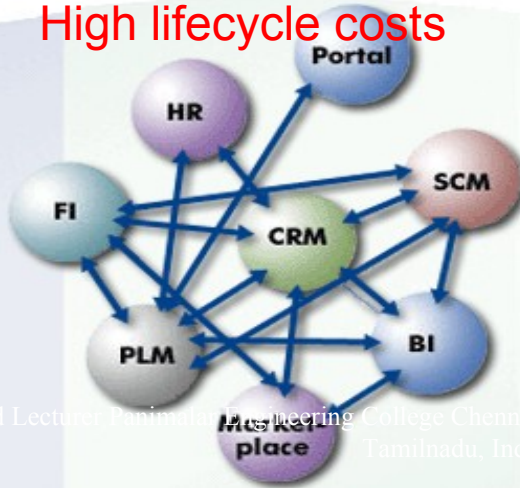


# Enterprise Technology Trends: Integrated Enterprise Applications

- Build vs Buy
- ERP software: SAP, PeopleSoft, Baan

## Best-of-Breed Approach

- applications
- Individual interfaces
- Overhead of maintenance
- Data replication
- High lifecycle costs



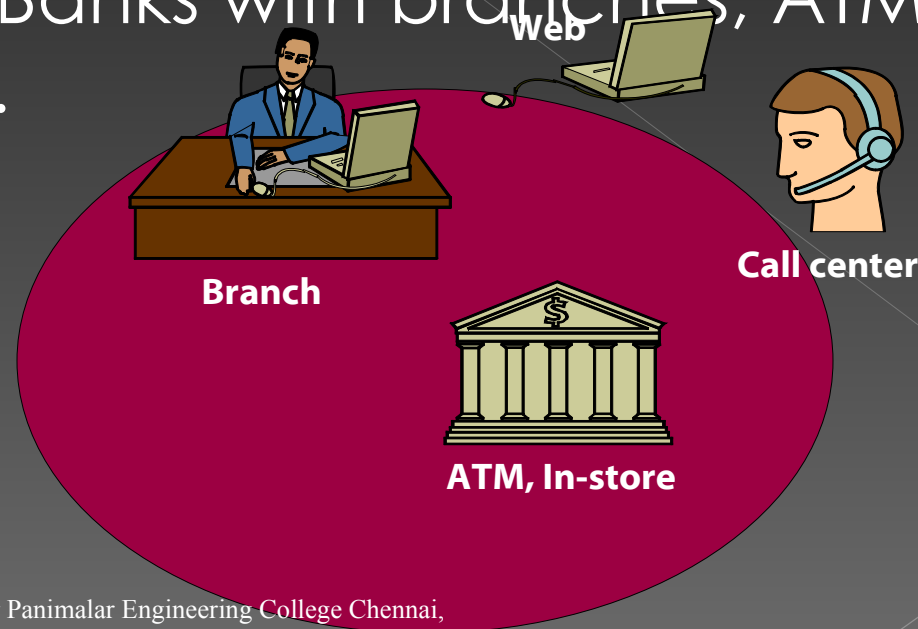
## mySAP.com

- Seamless integration
- Open integration architecture
- Highly flexible for new business requirements (SCM, eProcurement, BI, CRM)



# Enterprise Technology Trends: Multi-channel Integration: Look at the Big Picture

- Consistent service regardless of which of the company's channels the consumer is using.
- Example: Banks with branches, ATMs, call center, etc.





# Enterprise Technology Trends: Middleware: Support the Integration Mandate

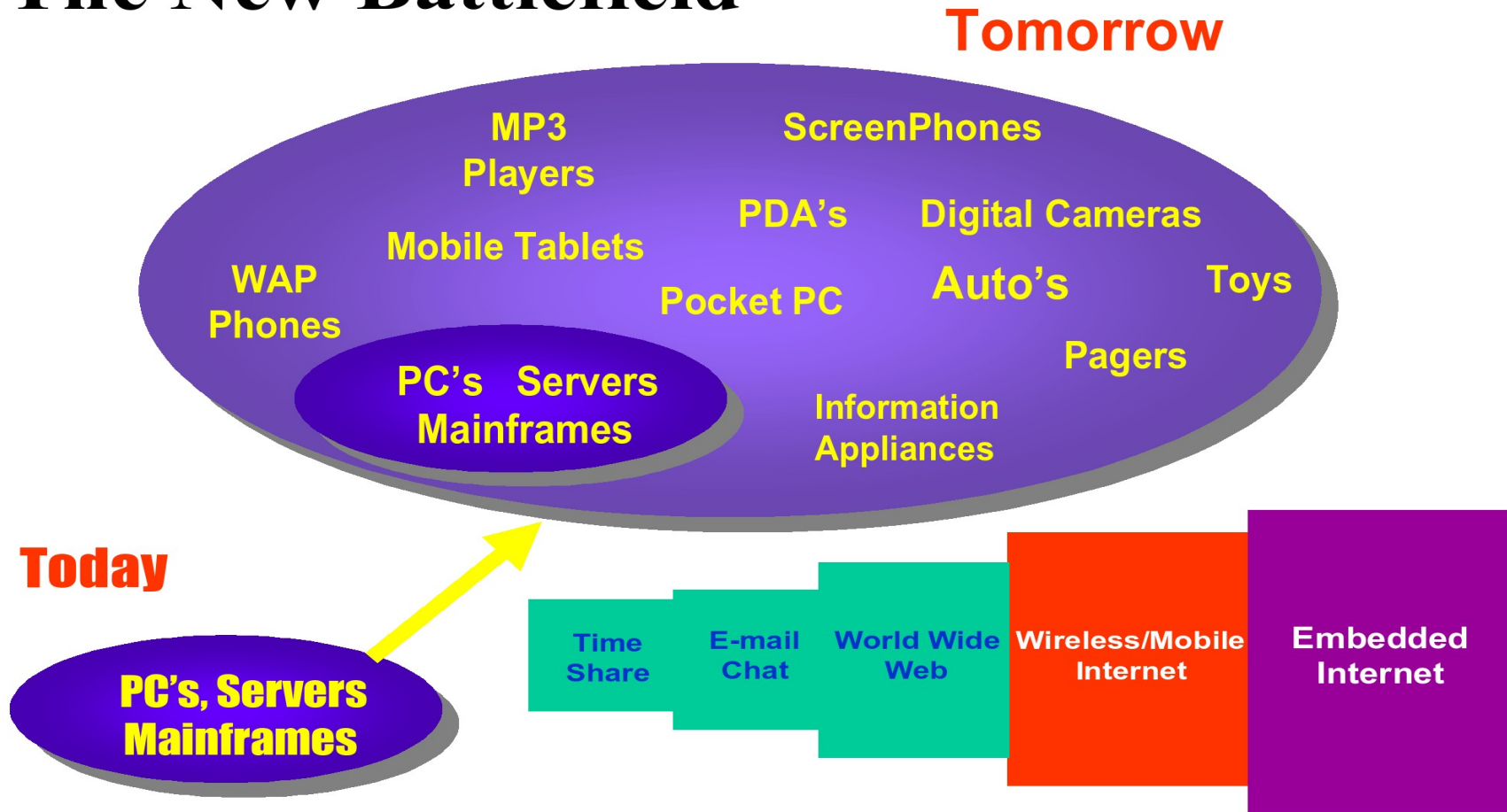
- ◉ Integrate old and new applications so that all data is available.
- ◉ Middleware
- ◉ Enterprise Application Integration (EAI)
- ◉ What's Next – Web Services
  - > Break large scale apps into smaller chunks
  - > Reassemble those components into services
  - > Aggregate internal and external information services

# General Technology Trends: Wireless Applications

- ◉ Shift away from a PC-centric dependence towards a next-generation multi-device accessibility
- ◉ Internet will be embedded in an endless variety of applications
- ◉ Embedded Internet appliances will appear in the familiar form of washing machine, television, and remote control
- ◉ Most successful devices will be easy-to-use, task-oriented devices
  - > Leverage benefits of Internet access to enhance their core functionalities

# General Technology Trends: Handheld Computing and Information Appliances

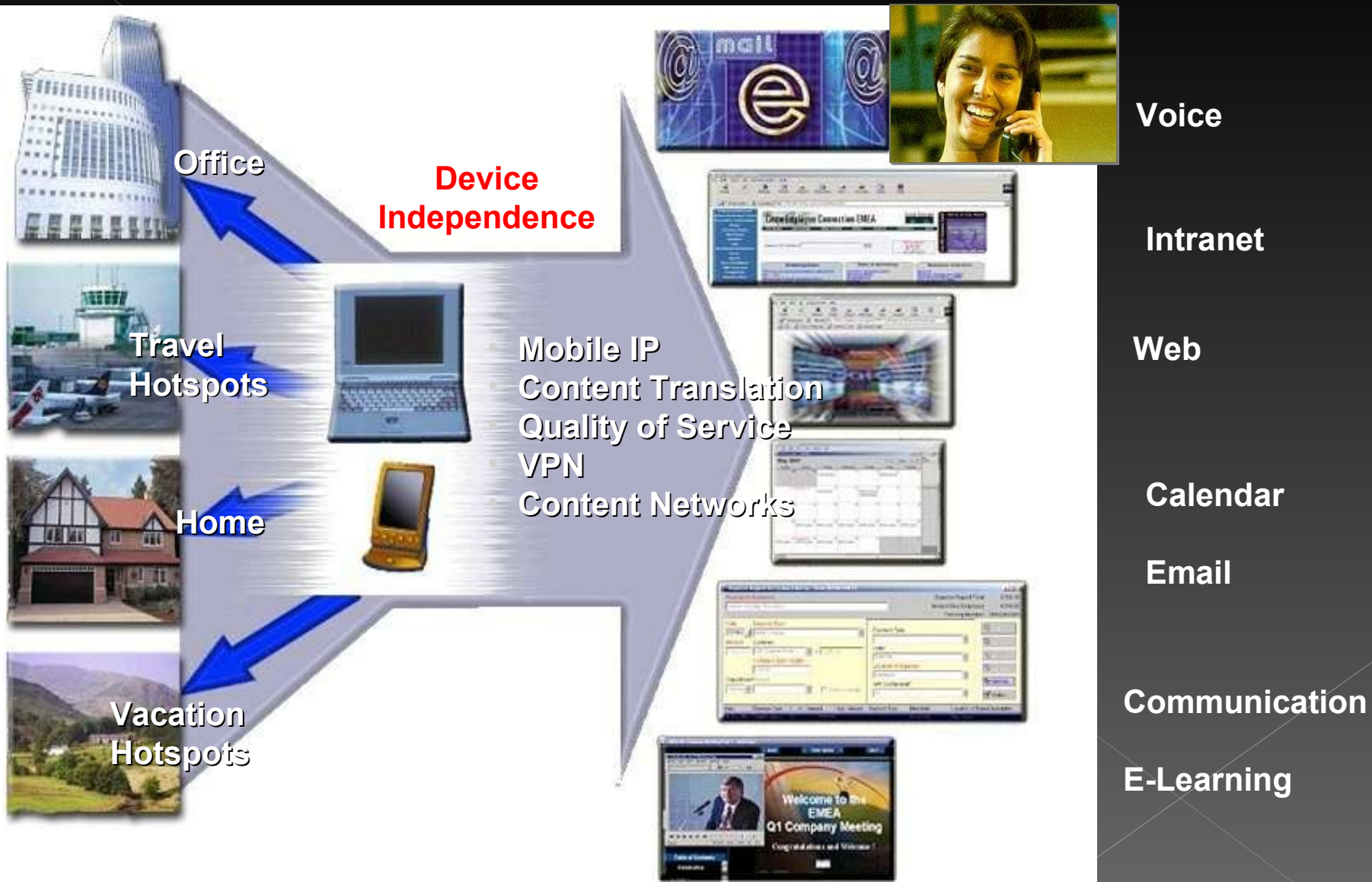
## The New Battlefield



# General Technology Trends: Infrastructure Convergence: Voice, Data and Video

- ◎ Voice, data, video on same network
  - > *Goal: Unification of voice and data to support customer contact anywhere, anytime, via any channel.*
- ◎ Improved speed and quality
- ◎ New customer contact points (eg Web TV)
  - > Interesting research strategy via WebTV

# Infrastructure Convergence: Voice, Data and Video



# Trend Common Attributes

- ⦿ Effectiveness
- ⦿ Efficiency
- ⦿ Integration
- ⦿ Convenience

**The core aspect in trend-watching is balancing exuberance vs. uncertainty**