Information Systems

… Connecting to the Outside World

Web 2.0

- Participative (or Participatory) and Social Web
- Concept established by Tim Reilly
- Focuses on providing services, not simply a reference tool
- Recognizes the importance of the user as a part of the system, providing data and information (feedback) that makes the service better
- Natural evolution of e-commerce and m-commerce
- Example: everything on the web today.
                    (even Wikipedia is 'interactive')

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Connecting with Customers and Suppliers

Key Concepts:

- Information systems remove time and distance barriers
  to many types of sales compared to brick and mortar.

- Information systems enable a company to make its sales
  process more effective.

- Information systems enable a company to treat its
  customers personally, even without personal contact.

- Information systems enable a company to manage its
  supply chain,
  making it more **efficient** and more **effective**.

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E-Business and E-Commerce

In 2012:

consumers bought about a trillion dollars worth of goods
from online sources.   **($ 1,000,000,000,000.00)**

That's less than 10% of what they bought from traditional stores
but traditional stores have existed for millennia
and online shopping is about as old as you are

In 2017:

consumers bought about 2.3 trillion dollars worth of goods
from online sources.   **($ 2,300,000,000,000.00)**

That's 35% of what they bought from traditional stores
Amazon accounted for 44% of all U.S. ecommerce sales

Helpful numbers to put these statistics in perspective:
The world population is 7.6 billion and the internet has 4.1 billion users.

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E-Business and E-Commerce

E-Commerce:
online **buying** and **selling** of goods and services.

E-Business:
Carrying out any type of **business activity online**.
Filing an automobile insurance claim,
registering for courses online,
or checking how much your dental insurance will cover

E-Business is NOT e-commerce since nothing is bought or sold
(but e-commerce is a part of e-business)

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E-Commerce

E-Commerce:
- falls into two (2) categories:

Merchant Companies

- Business-to-consumer (B2C)
- Business-to-business (B2B)
- Business-to-government (B2G)

Merchant companies
- that take title to the goods they sell
    buy goods and resell them
- sell services that they provide

Nonmerchant Companies

- Auctions
- Clearinghouses
- Exchanges

Nonmerchant companies
- arrange for the purchase and sale of goods without ever
    owning or taking title to those goods
- sell services provided by others

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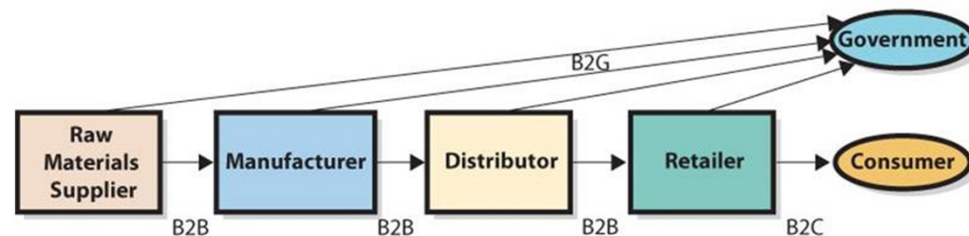**E-Commerce Merchant Companies**

Business-to-consumer (B2C)

Sales between a supplier and a retail customer (the consumer)

Business-to-business (B2B)

Sales between companies

Business-to-government (B2G)

Sales between companies and governmental organizations

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E-Commerce Non-Merchant Companies

Auctions

Facilitate outside buyer - seller transactions

Clearinghouses

Listing overstock surplus for sales from outside seller

Exchanges

Facilitates trades of non real goods (i.e. stocks and futures)

Consumer to Consumer

Craiglist and Kijiji - electronic swap meet

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Mobile Commerce (M-Commerce)

- more than just using a mobile device such as a laptop, tablet, or smartphone for e-commerce

- e-commerce based on location opportunities:
  - using location information to customize a transaction.

- performing an activity in a way that it could not be performed with a non-portable device.
  - paying with a smartphone instead of cash or debit card.

- mobile commerce offers many opportunities to customize the live shopping experience.

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Disintermediation
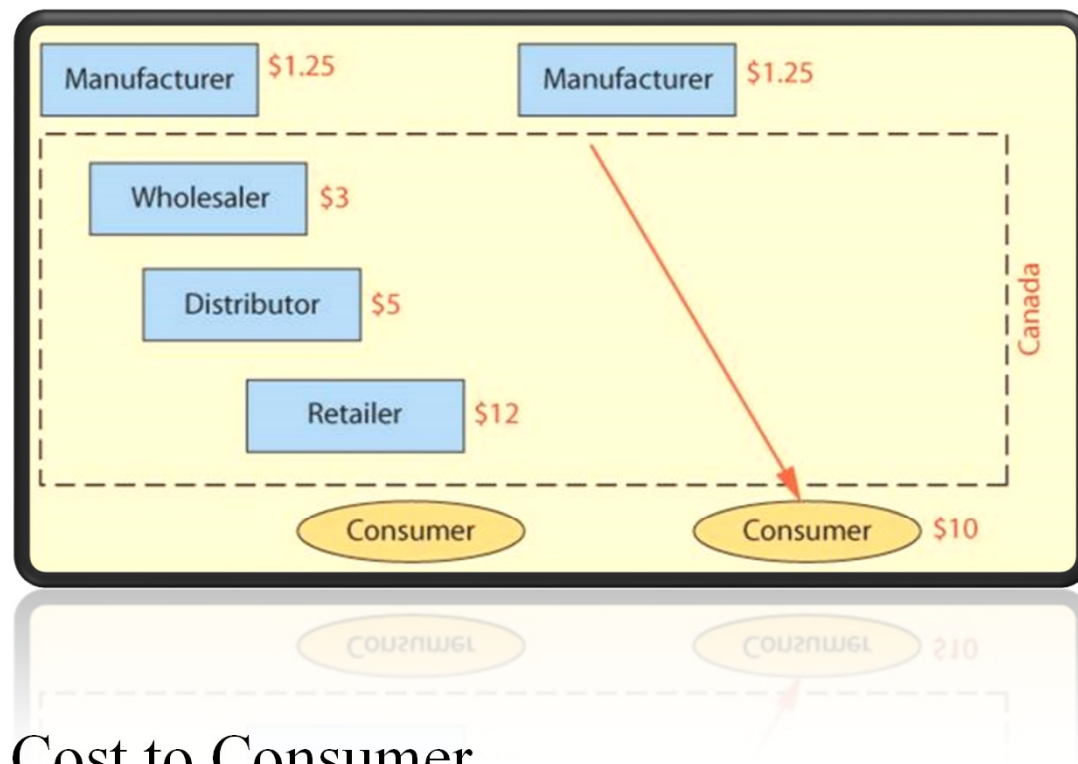
a.) Lower Cost to Consumer
b.) Higher per unit profit for Manufacturer
c.) (maybe) increase sales…

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Issues with E-Commerce

Channel conflict
- Manufacturer sells through two methods
  (traditional and B2B)

- Retailer discovers being 'cut out of the loop'
  (B2B means no sales for them…)

- Retailer retaliates by discontinuing sales
  of their product to the general public

- **Result**: manufacturer loses more sales in the end

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Issues with E-Commerce

Price conflict

- Manufacturer lowers price by B2B

- Retailer does not want consumers to know
    reduced price

- **Result: competition for sales reduces the retailer's
            ability to compete**

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Issues with E-Commerce

Logistics expense
- Cost of sale per unit may increase if sold
  one at a time (vs. shipping multiple units
  to a retailer all at once).

- entire fulfillment department would need to be created

- **Result**: **per unit profit may actually decrease**
  due to increased logistical costs

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Issues with E-Commerce

Customer service expense
  - Traditional sales: Manufacturer
          demonstrates how a product works
          to one (1) regional manager,
          who instructs their sales people,
          who instruct the consumer

  - B2C: Manufacturer must instruct each buyer

  - **Result:** **Increase training/support costs**

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Issues with E-Commerce

Showrooming

  - Consumer goes to physical store to
       examine the product in person …

  - then consumer buys the item on-line

  - Result: **Store pays sales people, but no direct sale results.**
       Physical store incurs cost with out
       realizing a profit.

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Issues with E-Commerce

Taxation

- Traditional sales are taxed on location of
  sale (purchase an item in Ontario and
  pay Provincial and Federal taxes)

- B2C sales: how to tax?
  Physicals goods could be subject to duties
  What about software or services?

- **Result:** **Reduced revenue for the Government**

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Business Capital

Business literature defines three types of capital:

Physical: the investment of resources for future profit

Human: the investment in human knowledge and skills for future profit

Social: investment in social relations with the expectation of returns in the marketplace

Social Capital adds value in four ways:
- Information
- Influence
- Social credentials
- Personal reinforcement

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How Do Social Networks Add Value to Business?

- Organizations have *social capital* just as humans do

- Social capital is measured using: number of relationships, strength of relationships, and resources controlled by "friends"

- Endorsements by high profile people are a traditional way of increasing social capital

- Progressive organizations maintain a presence on Facebook, LinkedIn, Twitter, and possibly other sites

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Computing your Social Capital

Social capital is not an abstract concept that applies only to organizations

It applies to you as well

You and your classmates are accumulating social capital now

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Computing your Social Capital

Hiding the Truth?

No one is going to publish their ugliest picture on their
Facebook page

How far should go to create a positive impression?

What is your digital footprint?
What does it 'say' about you?

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Computing your Social Capital

Do we weigh more with more information?

Is it always the same information?

Given to your employer

Given to your friend

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Computing your Social Capital

Employment

Impact of Social Networking

Reference Checks (search engines)

Staying Employed (blogs, etc..)

Facebook – MySpace

What's on your page? – Your Personal Profile

What might be on your friends & family pages?

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Common Sense

   - how can you ensure efficient AND effective.