

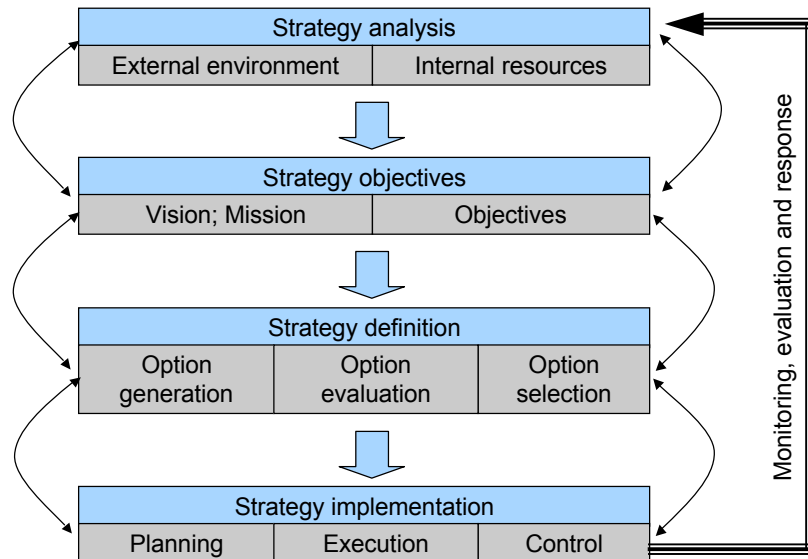
E-Business Strategy

Process of Formulating an E-Business Strategy

A Strategy Process Model

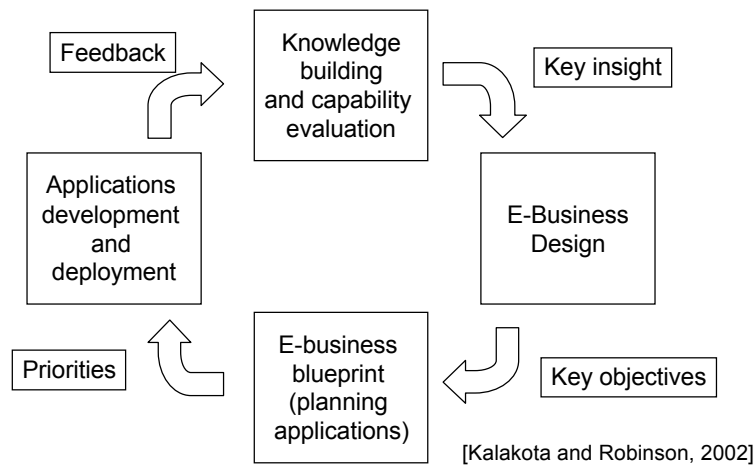
- A logical, sequential framework to organise the various activities in strategy formulation and implementation.
- We choose a process and apply modelling tools for the current state and its strategic development.
 - Within each appropriate stage of process, apply the relevant Toolkits for strategy analysis and formulation.
 - For each stage of the process, determine the performance target and metric for evaluating its implementation.
- Some common themes for many stages:
 - Internal and external environment analysis
 - Clear statement of objectives
 - Select best strategy from range of options / identify alternatives and contingencies.
 - Specify monitoring and control procedures (including responsibilities and risks).

A Generic Strategy Process Model



E-Business Strategy Process Models

Dynamic e-business strategy model



The Process Models: E-Breakout Approach

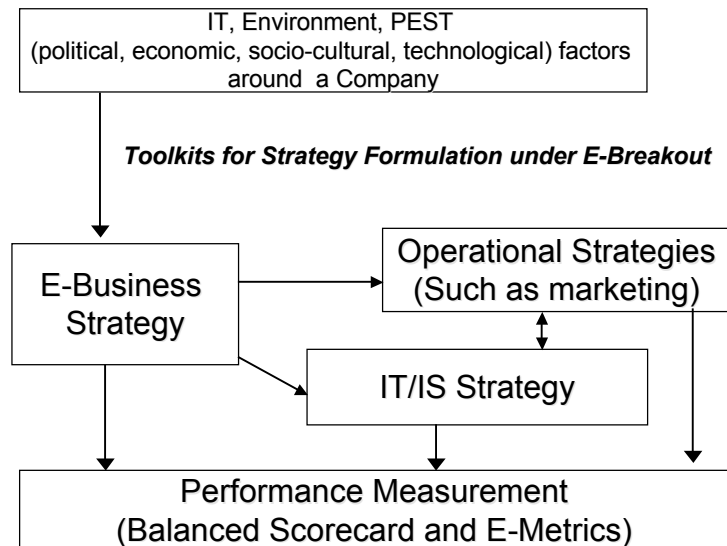
E-breakout Methodology

1. Initiation (Determine scope / feasibility).
 2. Diagnosis of the industry environment and the company.
 3. Break out to establish a strategic target
 4. Transition or plotting a migration path from “experimentation” to “transformation”
- Hackbarth and Kettinger (2000)

Problems of E-breakout Method

- E-breakout Methodology focuses more on strategy analysis and implementation
- Less focus on strategy control and objective setting.
 - Before using it, objectives must be clear
 - After using it, performance measurement must be adopted to monitor the performance of strategy implementation

How to Put E-Breakout into Practice



E-Business Strategy Formulation

E-breakout Model

1. Initiation
2. Diagnosis of the industry environment and the company
3. Break out to establish a strategic target
4. Transition or plotting a migration path

Hackbarth and Kettinger (2000)

E-business Strategy Model

Stage 1 : Initiate

- Outline scope
- Identify stakeholders
- Determine schedule

✓ Output : Workplan

Adapted from Hackbarth and Kettinger , 2000

E-business Strategy Model

Stage II : Diagnose - Industry

- Industry analysis
- Benchmark e-business technology
- Business partnerships
- Apply Porter's Five Forces model

✓ Outputs: Feasibility study, Benchmarks, C/B Analysis

Adapted from Hackbarth and Kettinger , 2000

E-Breakout Strategy Model

Stage IIa Diagnose - Company Analysis

- Identify current business strategies
- Assess customers relationships
- Assess suppliers relationships
- Assess company e-business technologies
- Use value chain to identify areas where IT can add value

✓ Outputs : SWOT analysis, Value-Chain Analysis, 5-forces diagrams, IS/IT specifications (current).

Adapted from Hackbarth and Kettinger , 2000

Plot current position on — *think about where we are going next (Migration)*

Adapted from Hackbarth and Kettinger, 2000

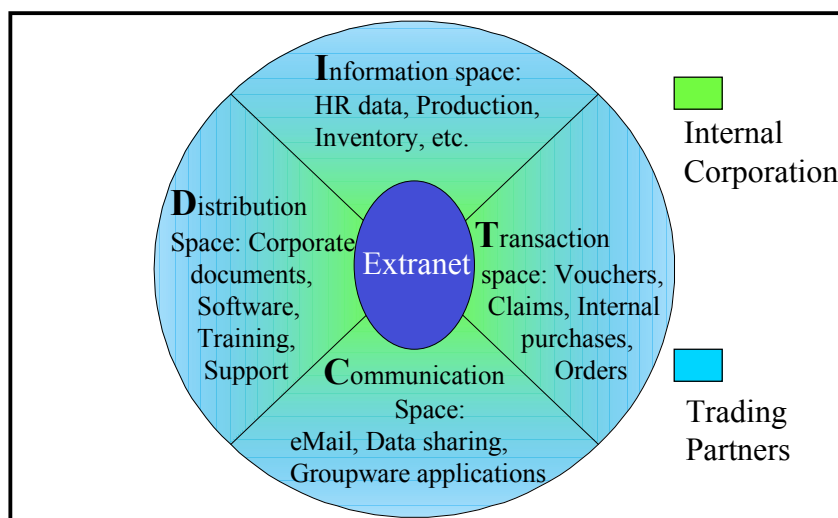
	EXPERIMENTATION	MIGRATION	TRANSFORMATION
E-BUSINESS STRATEGY	No e-business strategy	E-business strategy supports current (as is) corporate strategy	E-business strategy supports breakout corporate strategy
CORPORATE STRATEGY	e-business strategy not linked to corporate strategy	E-business strategy subservient to corporate strategy	E-business strategy is a driver of corporate strategy
SCOPE	Departmental/functional orientation	Cross-functional participation	Cross enterprise involvement (interconnected customers, suppliers and partners)
PAYOFFS	Unclear	Cost reduction, business support and enhancement of existing business practices, revenue enhancement	New revenue streams, new business lines, drastic improvements in customer service and customer satisfaction
LEVERS	Technological infrastructure and software applications	Business processes	People, intellectual capital and relationships, co-operation
ROLE OF INFORMATION	Secondary to technology	Supports process efficiency and effectiveness	Information asymmetries use to create business opportunities

Internet applications in the Value Chain

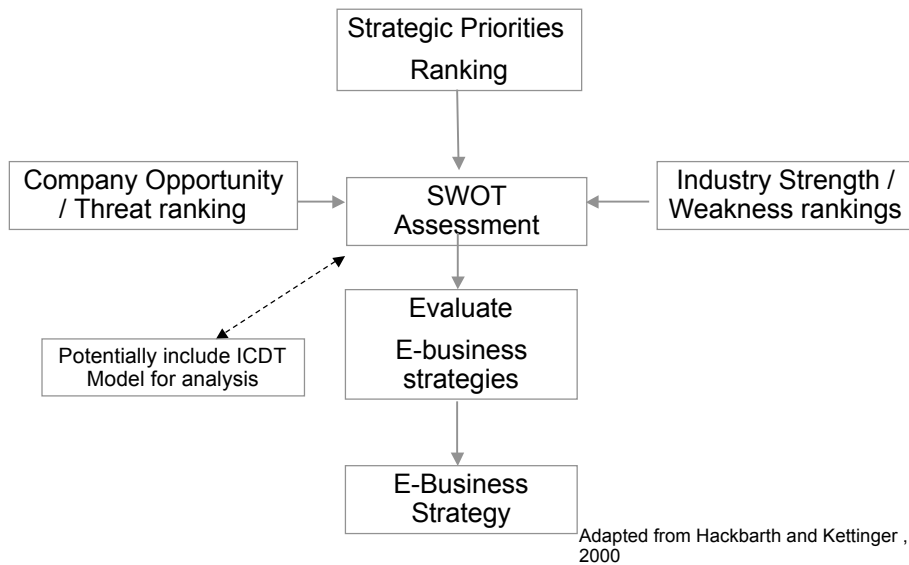
Firm infrastructure Human Resource Management Technology Development Procurement				
Web based, distribute financial and ERP systems; On-line investor relations (e.g. information dissemination, broadcast conference calls) Self-service personnel administration; Web-based training; Internet-based dissemination of company information. Collaborative product design across locations; Knowledge directories accessible from all parts of the organisation. Direct and indirect procurement via marketplaces, exchanges, auctions and buyer-seller matching				
Inbound logistics Real-time integrated scheduling, shipping, Warehouse management, advanced planning and scheduling across the company and its suppliers. Dissemination throughout the company of real-time inbound and in-progress Inventory data.	Operations Integrated information exchange, scheduling and decision-making in in-house plants, contract assemblers and component suppliers. Real-time available-to-promise information available to the sales force and channels.	Outbound Logistics Real-time transaction of orders whether initiated by an end consumer, a sales person, or a channel partner. Automated customer Specific agreements and contract terms. Customer and channel access to product development and delivery.	Marketing and Sales On-line sales channels including web sites and marketplaces. Customer-tailored marketing via Customer profiling. Tailored on-line access. Real-time inside And outside access to customer information, product catalogs, dynamic Pricing, inventory Availability, on-line submission of quotes, and order entry.	After-sales Service On-line support of customer Service reps. through e-mail response Management, Billing integration. Customer self-service via web sites and intelligent service request processing

Adapted from Porter, 2001

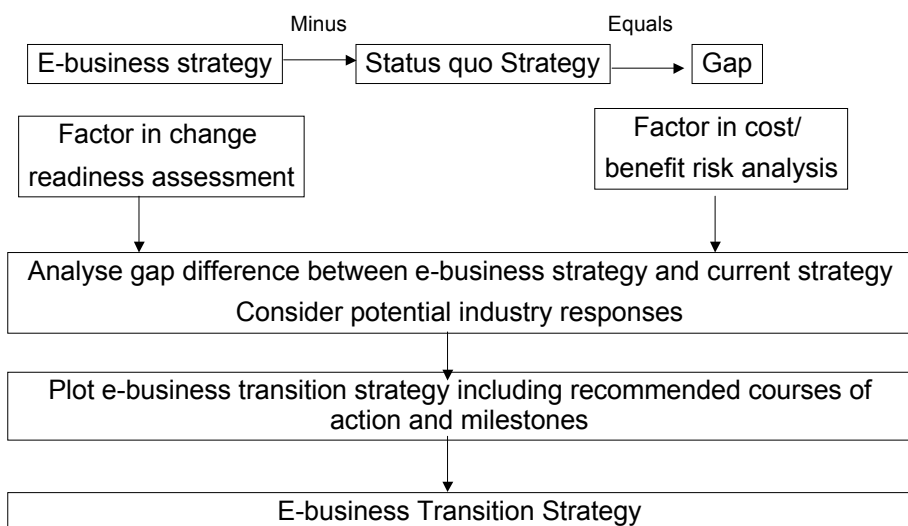
Apply Angehrn's ICDT model: How do we perform in each space?



Stage III - Define E-Business Strategy



Stage IV - Transition / Migration

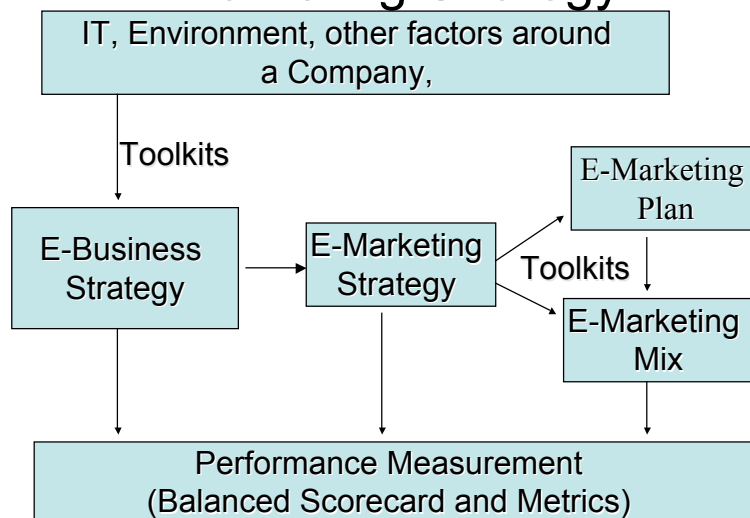


Adapted from Hackbarth and Kettinger , 2000

From An E-business Strategy to An Operation Strategy

– E-Marketing Strategy as example

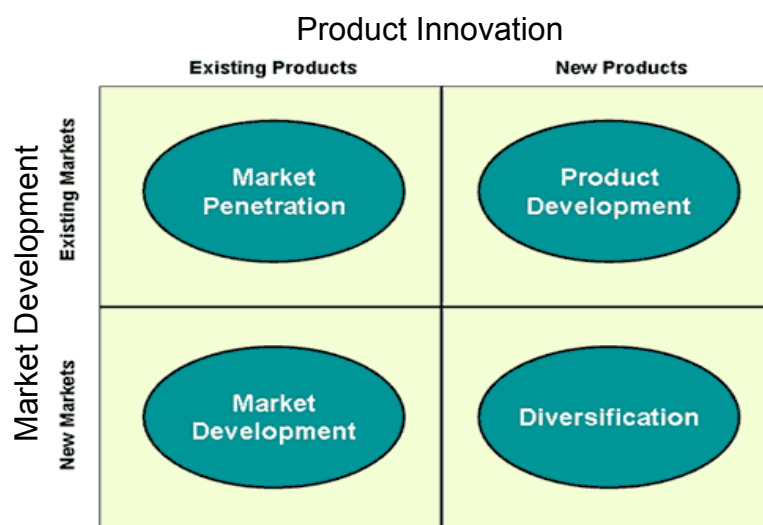
From E-business Strategy to Marketing Strategy



Market and Product Development

- Ansoff Product and Market matrix:
 - Tool helping business to decide their products and market growth strategy.
 - Enable strategist to rank options in each quartile.
- Four main options:
 - Market penetration – sell more into existing markets using e-commerce (volume / frequency increase)
 - Market development – Sell more existing products into new markets (add-on selling / geographic reach)
 - Product development – Develop new products for existing market (add value / retain customers).
 - Diversification – new products into new markets (innovation / increase competitive advantage).

Ansoff Product & Market Matrix



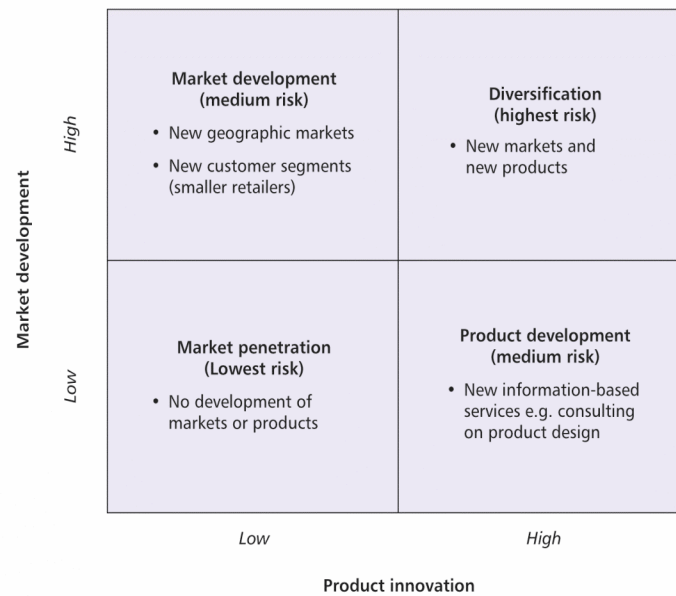


Figure 5.16 Assessment of risk for market and product development for The B2B Company