Welcome!

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July 26, 2008
e-Business Innovation
Surviving the Coming Decades

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Disclaimers

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Surviving the Coming Decades

Part I
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**e-Business Innovation**  
Surviving the Coming Decades

**Part I**

If markets change…

Then If products change…
e-Business Innovation
Surviving the Coming Decades

Part I
If markets change…
Then If products change…
Then e-Business needs…

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Part I…
If markets change…
Then If products change…
Then e-Business needs…

Part II
If technology changes…

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**Part II**

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Surviving the Coming Decades

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### Part II

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Then If business changes…
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# e-Business Innovation

**Surviving the Coming Decades**

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Then e-Business needs…

## Part II

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Then If business changes…

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<td>Business Intelligence</td>
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e-Business Innovation

Surviving the Coming Decades

If markets change…
Mass Market → Long Tail Market

Birth Wave
Family Formation
Peak Spending
Austerity Spending
U.S. Births

U.S. Family Formation

U.S. Peak Spending 1950–2050 (50 year lag)

The Long Tail Market

Anatomy of The Long Tail
- Average plays per month
- Song titles (000s)

Available at Wal-Mart + Rhapsody (40k)
Available at Rhapsody only (460k)

U.S. Peak Spending Declines 1965-1985 and 2010–2025

e-Business Innovation
Surviving the Coming Decades

If markets change…
Mass Market → Long Tail Market

Then If products change…
Standard → Value

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Product Change

Manufacturing
Urbanization
Standard Products


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Product Change

Premium Segment


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Product Change?

Electronic Bargaining Agents


Buyer holds out
Seller holds out

Buyer with learning
Buyer without learning
Seller

Price

a. Boulware versus Boulware
Electronic Bargaining Agents


Buyer holds out
Seller holds out

Buyer concedes
Seller concedes

a. Boulware versus Boulware

b. Conceder versus conceder

Instant Small Markets!
Electronic Bargaining Agents

Buyer holds out
Seller holds out

Electronic Bargaining Agents

Buyer holds out
Seller holds out

Buyer concedes
Seller concedes


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| Access the Long Tail | Electronic Commerce |
| Premium at Discount | Electronic Bargaining |
| **Business Replicas** | **Dynamic Load, Trade Protocol** |

**e-Business Innovation**

Surviving the Coming Decades

If markets change…
Mass Market → Long Tail Market

Then If products change…
Standard → Value

Then e-Business needs…
- Customer-Based Design
- Authentic Interactions
- Business Replicas
- Profitable Operations
<table>
<thead>
<tr>
<th>Architecture</th>
<th>Enable Customer-Based Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy-Specific Front-End</td>
<td>Supply-Specific Back-End</td>
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<td>Provider</td>
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</table>

## Customer-Based Design

<table>
<thead>
<tr>
<th>Order</th>
<th>Service</th>
<th>Pay</th>
</tr>
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### Authenticity during Interactions

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## Replication by Market

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Electronic Trading Protocol

Dynamic Class Loading

E-Commerce Function
### XML Contracts → Data

**Electronic Trading Protocol**

<table>
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<th>Interface</th>
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**Dynamic Class Loading**

**XML:**
- general-purpose specification for creating custom markup languages.

**ebXML:**
- a family of XML standards
- enable the global use of electronic business information
- interoperable, secure, and consistent manner by all trading partners.

**XML schema:**
- an XML document type description
- expressed in terms of constraints of structure and content
- above & beyond syntax constraints imposed by XML itself.

**XML Contracts → Behavior**

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**XML Contracts → Function**

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Business Replicas

XML Contracts → Industry Benchmark

Electronic Trading Protocol

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Overlay Sequence

1. Achieve Parity with Industry

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**Business Replicas**

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**Electronics Trading Protocol**

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**Overlay Sequence**

1. Achieve Parity with Industry
2. Create Competitive Advantage

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**XML Contracts → Customer Required**

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**Overlay Sequence**

1. Achieve Parity with Industry
2. Create Competitive Advantage
3. Comply with Contract Terms and Conditions

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e-Business Innovation

Surviving the Coming Decades

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Mass Market → Long Tail Market

Then If products change…
Standard → Value

Then e-Business needs…
Customer-Based Design
Authentic Interactions
Business Replicas
Profitable Operations

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### Standard, Optimized Operations

| Standardize + Simplify → Optimize |

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If technology changes…

Manufacturing → Internet

Manufacturing
Transportation
Computers
Internet
Technology Cluster #1

Technology Cluster #2

Transportation & Communication

Adoption S-Curves:
8. Mainframe computer
9. Minicomputer
10. Personal computer
S. Storage (GB)

Adoption S-Curves:
11. Internet
12. Wireless
13. Broadband
N. Network (bits/sec)
Stage 1: Traditional “Push” Inventory Model: Get books to the stores based on a forecast. Profitable: Sell only those books that can be sold in stores.

**Stage 1:** Traditional “Push” Inventory Model: Get books to the stores based on a forecast. Profitable: Sell only those books that can be sold in stores.

**Stage 2:** Simple “Pull” Inventory Model: Get books to the buyer based on the actual sale. Not Profitable: Ingram took a large percentage of the transaction.
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Stage 2: Simple “Pull” Inventory Model: Get books to the buyer based on the actual sale. Not Profitable: Ingram took a large percentage of the transaction.

Stage 3: Blended “Push-Pull” Inventory Model: Get items to the buyer based on the actual sale. Profitable: Create warehouses: volume business, accurate forecasts, avoid inventory outages.
# e-Business Innovation

Surviving the Coming Decades

If technology changes…
Manufacturing → Internet

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<th>If business changes…</th>
<th>Company Brand → Individual Brand</th>
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Company Brand
Trade-Up Brands
Personalized with Brand
Individual Branding
Business Innovation #1

Adoption S-Curves:
1. Steel
2. Electricity
3. Motors
R. Railroads (track miles)

Produce to Affordability
One Company
Centralized Control
Business Innovation #2

Trade-Up Brands


Adoption S-Curves:
4. Telephone
5. Automobile
6. Radio
7. Television
H. Highways (road miles)

Produce to Brand
Many Departments
Functional Control

Factory Work
Standard Products
Working Class
Urban Life

Office Work
Discount Products
Middle Class
Suburban Life

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e-Business Innovation, 51
Business Innovation #3

Personalized within Brand

Adoption S-Curves:
8. Mainframe computer
9. Minicomputer
10. Personal computer
S. Storage (GB)
N. Network (see next slide)

Produce to Preference
Outsourced Depts
Shared Control

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Adoption S-Curves:
11. Internet
12. Wireless
13. Broadband
N. Network (bits/sec)

Produce to Value
Business Replicas
Decentralized Control

Factory Work
Standard Products
Working Class
Urban Life

Office Work
Discount Products
Middle Class
Suburban Life

Remote Work
Personalized Prod
Afluent Class
Exurban Life

Global Work
Value Products
Austere Class
Quality Towns

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EXPRESSUME

Branding Competency through Video -- References

EXPRESSUME

Branding Competency through Video -- Public

# e-Business Innovation

## Surviving the Coming Decades

### If technology changes...  
Manufacturing → Internet

### Then If business changes...  
Company Brand → Individual Brand

### Then e-Business needs...  
- Produce to Demand
- Internet Sourcing
- Data Privacy + Security
- Real-Time Decision-Making

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## Architecture

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Produce to Demand

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Virtual Value Added Network

Different Applications

Company 1

Company 2

Virtual Value Added Network

Amazon ➔ Scale + Reliability

Company 1

Trading Server

Trader's Firewall

Company 2

Trading Server

Trader's Firewall

Internet ➔ Internet

Amazon Firewall

Amazon Simple Queue Service (SQS)

Amazon Simple Storage System (S3)

<table>
<thead>
<tr>
<th>Internet Sourcing</th>
<th>One Order → One Strategy</th>
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**Table:**

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## Internet Sourcing

### Use Strategy to “Mine”

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- **Commodity**
  - Internet
    - Job Boards
    - Search Engines
    - Blogs + Wikis
    - Social Networks
    - Digital Communities
    - Niche Web Sites

Separate Sourcing from Procurement

Match #1 – Sources


Source

Provider’s Responsibility
Separate Sourcing from Procurement

Source
Provider’s Responsibility

Match

Match #2 – Machine


Mine

Select

University Boards
Blogs
Career Sites
Social Networks
ATS
Niche Sites
User Groups

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Separate Sourcing from Procurement

Source

Provider’s Responsibility

Match

Match #3 – Human

Separate Sourcing from Procurement

Assessment #1 – Provider

Separate Sourcing from Procurement

Assessment #2 – HR


Source

Provider’s Responsibility

Match

Assess

Buyer’s Responsibility
**Separate Sourcing from Procurement**

---

**Assessment #3 – Buyer**

<table>
<thead>
<tr>
<th>Source</th>
<th>Match</th>
<th>Assess</th>
<th>Procure</th>
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# e-Business Innovation

Surviving the Coming Decades

## If technology changes...
Manufacturing → Internet

## Then If business changes...
Company Brand → Individual Brand

Then e-Business needs...
- Produce to Demand
- Internet Sourcing
- Data Privacy + Security
- Real-Time Decision-Making

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### Data Privacy + Security

#### Transaction Data

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#### Commodity

- Internet
  - Job Boards
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  - Social Networks
  - Digital Communities
  - Niche Web Sites

### Data Privacy + Security

#### Progress Data


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Business Intelligence

Business Event

Detect → Capture → Prepare → Analyze → Decide → Respond

Decision-Making (event-response)

Business Intelligence

Sequential Steps → Value Impact


VALUE

TIME

Business Event

Detect

Capture

Prepare

Analyze

Decide

Respond
Business Intelligence

Data Warehouse → Less Impact


VALUE

TIME

Dashboard

Data Warehouse with Metadata

Detect

Capture

Prepare

Analyze

Decide

Respond

Business Event
Business Intelligence

Real-Time → Much Less Impact

e-Business Innovation
Surviving the Coming Decades
e-Business Innovation
Surviving the Coming Decades

Electronic Commerce → “The Long Tail Market” access
Recap

**e-Business Innovation**
Surviving the Coming Decades

Electronic Commerce → “The Long Tail Market” access
Austere mass market → Electronic bargaining agents
Recap

**e-Business Innovation**
Surviving the Coming Decades

- Electronic Commerce → “The Long Tail Market” access
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- Dynamic small markets → e-Business replicas
e-Business Innovation
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- Electronic Commerce → “The Long Tail Market” access
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- Dynamic small markets → e-Business replicas
- Dynamic small markets → Standard, optimal operations
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- Electronic Commerce → “The Long Tail Market” access
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Recap

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Surviving the Coming Decades

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Recap

**e-Business Innovation**
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- Business intelligence → Real-time decision making
Thank you