Building e-Business with Extranets and Supply Chain Management

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In the IT – era, e – business is a viable means of expanding business capacity and markets. E – business has made dramatic changes. As more enterprises become Internet – enabled and comfortable with advanced technologies that support it, e – business will continue to grow drawing larger numbers of enterprises that will use the technology to handle a wider variety of business tasks. In this article, we emphasis key aspects viz extranets and supply chain management of e – business.
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Introduction

The success of companies depends on "How innovative business designs are delivering values ?" Although it is not easy to forecast, a good way to face competition is to run the business by pleasing customers in new and innovative ways. This is what e – business is about. E – business builds better customer relationships and creates new value propositions.

According to Bill Gates: " Virtually everything in business today is an undifferentiated commodity, except how a company manages its information. How you manage information determines whether you will win or lose. How you use information may be the critical factor that determines its failure or success – or run away success." So the question arrises : how does a company manage its information ? The simple answer is through its business applications, order and inventory management, financials and customer service.

Building E – Business Applications

Modern business designs are framed from integrated building blocks called enterprise applications. Enterprise application examples include enterprise resource planning, customer relationship management, and human resources management and supply chain management applications. These applications form the spine of the modern enterprise.

In reality, e – business design is about how to integrate a set of applications so they work together like a Robot to manage, organize, route and transform information. Creation and delivering customer value through integrate business applications face challenges. These challenges bring the following questions :

- What are the recent trends and key trends that will drive new e – business application investment over the coming years ?
- What is the role of packaged application software in creating the new generation e – business architecture ?
- How will technology advancements and business changes affect e – business application deployment decisions ?
- What is the ideal e – business application needed to compete in the 21st – century ?
- What integrated network will radically improve the way and will run organizations ?
- How to create a management structures that will help organization harness and exploit business applications despite ever – increasing complexity and volatility ? Integrated business applications are becoming catalysts for the corporate change that e – business requires.

Intelligent E – business

Extranets provide mechanism to allow secured private transactions between trading partners. i.e. an extranet is a network that extends beyond a single company to multiple organizations that need regular communication, collaborate and exchange documents to achieve their joint goals. It allows both the retrieval and entering of information. This new vehicle for building business relationship will change the way of doing the business. Because of Internet infrastructure, including standard servers, e-mail clients and

web browsers, extranet is more economical.
Extranet is a key component of an integrated e – business. The concept of an e – business encompasses a broader range of functionality than a simple e – commerce. E – business is about a company moving its back office operations to its front office. The idea is to create a unifying, holistic source of information that allows a business to increase its understanding of its customers needs in a manner that simultaneously increases the customer's desire to do business with that company. The company should be able to provide better service to the customer after it understands the customer's utmost buying need. Intelligent e – business is an important key to profitability and sustainable growth in the future. This requires exploitation of the Internet for competitive advantage. It includes collaborative planning and execution between an enterprise and its trading partners.

Integrated network between front – end web processes and end – to – end planning and execution processes, business goals can guide each and every interaction with the customer. Intelligent e – business provides companies the forward visibility they need to be profitable while moving at Internet speed. Intelligent e – business ensures overall enterprise profitability and service goals.

The business environment for buying and selling is getting complex, interlocking distributed network of suppliers, partners, and distribution channels; all revolve around more sophisticated and demanding customers. Businesses need to use globally optimized processes to achieve the twin goals of customer growth and enterprise profitability. The intelligent e – business enables planning and decision support that enhances run – time, understanding of current conditions and better visibility. This global optimization capability enables superior customer service levels and ultimately superior sales revenues. The key aspects of an intelligent e – business include the following :

- Optimization that reaches across customers, sellers, suppliers and logistics. The business value increases as the scope of optimization increases.

- Multi – enterprise integration and collaboration among organizations can be there. This can involve decision support systems deployed in combination with rapid, time to value methodologies and software.

- Forward visibility into the capabilities and constraints of business partners, market opportunities and problems.

- Business value through established return on investment criteria. E – business enabled applications are deployed in incremental, easily assimilated software delivery stages.

Intelligent e – business focuses on the extension of fast, scalable, intelligent solutions across multiple business functions, multiple enterprises and multiple decision time-lines. The following key business processes are encompassed by an intelligent **:**

- Customer Management : These are the processes that serve the customer. The goal is to maximize customer profitability and satisfaction through improved buyer experience, usability, service and support.

- Supply Chain Management (SCM) : These are the processes that enable companies to buy, make, store, ship and sell the products and services. The goal is to achieve excellence in purchasing, manufacturing, distribution, transportation and other operational processes.

- Inter-process planning : These are the processes that balance competing demands among the supply chain, operations and customer management. The goal is to achieve optimal use of human, financial and physical resources.

- Strategic planning : These are the processes that define long term goals, action plans and resource allocation priorities. The goal is to achieve long term sustainable advantage by responding quickly and intelligently to market changes.
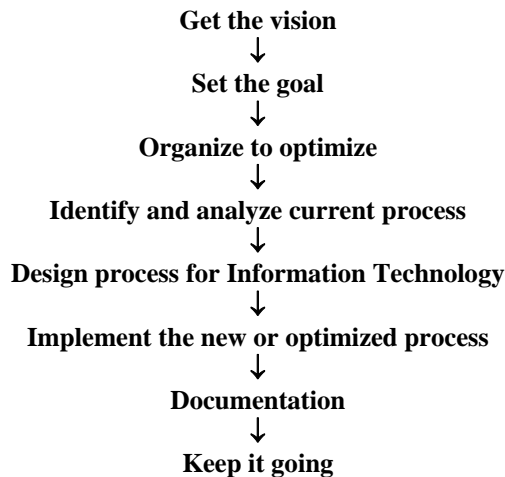
Business processes

The primary characteristic of intelligent e – business is Business Process. A business process is a related and sequential set of activities that takes input from one entity by means of work and enterprise, creates an output that can be used by others.

The heart of business process optimization

for e – business is to identify the business processes in an organization, optimize them as manual processes and then apply appropriate technologies to further improve speed and performance.

The general processes for identifying, optimizing and then applying technology to business processes are:

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Get the vision
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Set the goal
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Organize to optimize
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Identify and analyze current process
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Design process for Information Technology
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Implement the new or optimized process
↓
Documentation
↓
Keep it going

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The first step of e – business optimization is to create consensus in organization about what to do and how far to go to get it done. It also deals with customer expectations of highest quality, leading technology, competitive pricing, beat – in – class service and support, flexible customization capability, financial stability etc. The vision needs to identify overall goal.

Once a goal is set, processes are a result of applying strategy to goals. All processes should have a direct tie into some core value for the organization as an implementation of a strategy against a goal. A core value for organization is to create financial strength. One goal for achieving this core value might be to minimize long – term debt. The strategy for minimizing long term debt requires approval from high level personnel in the organization who understands the goal and is in the position to scrutinize any expenditure that might result in long term debt.

Next step is how to optimize process for e – business. This needs IT. Thus, business process optimization for e – business is not a single event but a series of events, disciplines and projects. It is managed by top most of the

organization to the lowest. Here, all employee need to think about e – business, how it can help them and how can it be used to its maximum. An e – business is a long – term effort and strategy.

Supply Chain Management (SCM)

SCM deals with how an enterprise electronically binds together the people and processes both internally and externally associated with its flow of goods. SCM integrates a company's business processes from its supplier's suppliers to its customer's customers. It starts with natural resources and extends through many nodes until a final product reaches the customer. SCM includes suppliers, internal operations, logistic providers, trade customers, retail customers and end – users. It covers the management of material, information and fund flows to create value for the customer. Internet enabled SCM is important because when company collaborates electronically along the supply chain, it can make better decisions and moves faster throughout the process from product design and acquiring supplies through manufacturing products and distributing finished goods to the customer. It ensures that the right inventory is on hand at competitive prices and enables purchasing at the best discounts. Internet enabled SCM can boost revenues and customer satisfaction by delivering the right product to the right place at the right time. Though SCM is not a new concept, but IT has made it timely. To get maximum benefit from SCM, it has to be merged into a set of collaborative processes, which can be labeled e – business. E – business refers to a set of technologies that uses the Internet enabled business processes that link trading partners in a way that could not be done with conventional technology such as client / server computing or Electronic Data Interchange (EDI). E – business processes are faster, more interactive and richer in information.

An important subset of e – business is e – commerce that refers to e – business processes relating to the sale of goods and services, i.e. e – commerce focuses on executing buy / sell transactions. E – commerce can be described as relating to the sales transaction

which links the enterprise to its customers. The buy transaction links the enterprise to its vendors and service providers using e – business processes known as e – procurement. This is also referred as buy – side e – commerce. The processes where trading partners are working together over the Internet to make decisions but not resulting directly in a sale are referred as e – collaboration.

Conclusions

E – commerce is a technique used to exchange business information across the Internet. The information can range from the simplest data about products or services to complex, multi-part financial document used among trading partners to support extensive business transactions. The applications are vast and the possibilities can be extremely rewarding to enterprises in terms of savings, increase competitiveness and enhanced market position.