



Key Concepts

- Delearning, Relearning
- Digital, everywhere, every time, everything
 - Ones and zeros, the digital similacrum
 - What is "original"?
 - High level of abstraction
 - Standards in logic
 - The Web, TCP/IP
 - Lower cost of interaction and transactions
 - More communication
 - Low barriers to entry, exit
- Disaggregation
 - → Thoughts, assumptions, management practices, relationships
 - Self-organization
 - Unlearning
- The vision of the future: the extended, disaggregated, knowledge enterprise



E-Commerce and E-Business Definitions

E-Commerce: marketing, selling and buying products and services electronically

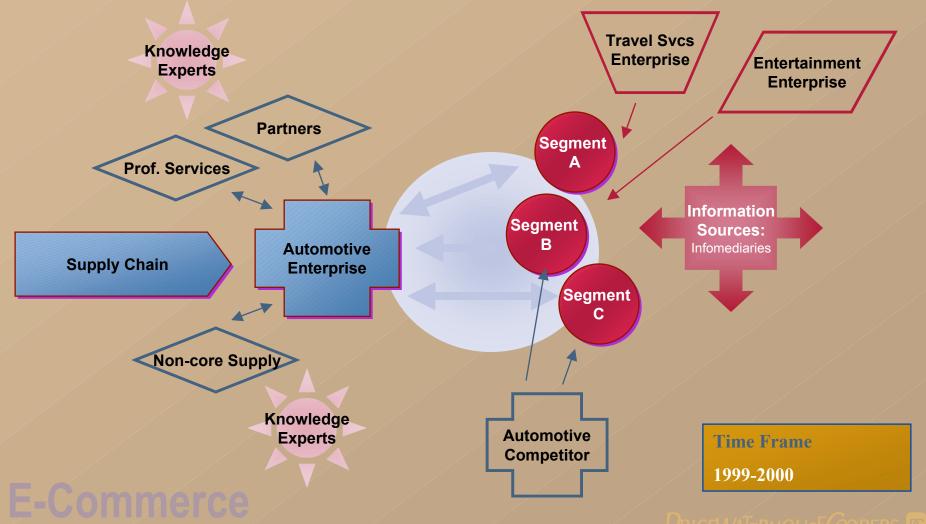
Internet
Commerce:
A part of
E-Commerce

E-Business: using electronic communications to improve performance and create value, between businesses and consumers



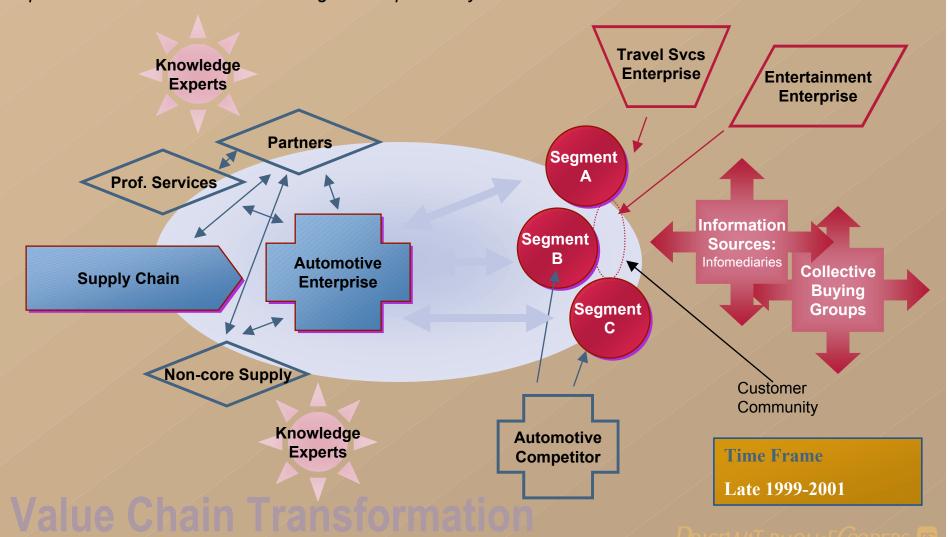
The Extending Enterprise: Stage I

E-Commerce focuses primarily on engaging customers. Organizational learning is high, and the key challenge is integrating core processes into e-commerce, where this can enhance customer experience



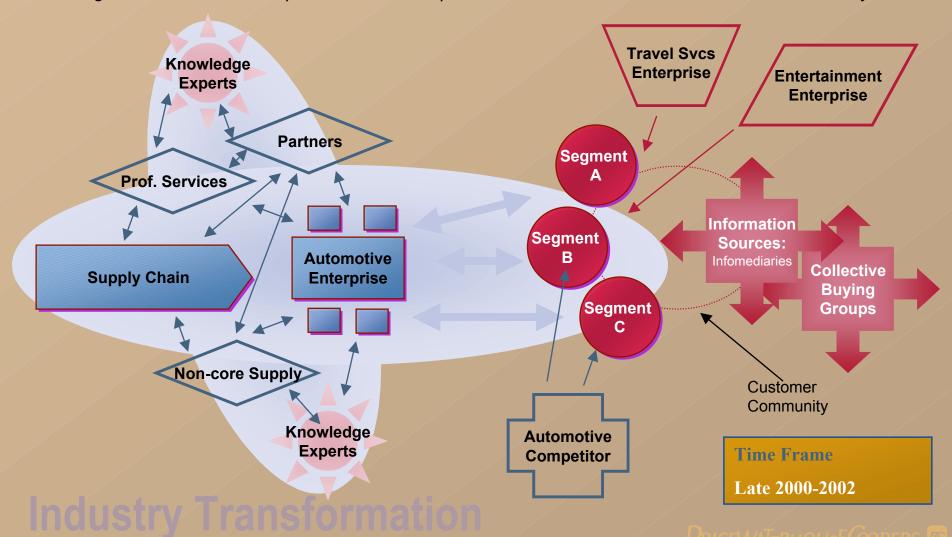
The Extending Enterprise: Stage II

The value chain is integrated electronically in Stage II. This coordination gives the enterprise power to expand because transaction costs begin to drop while cycle time diminishes.



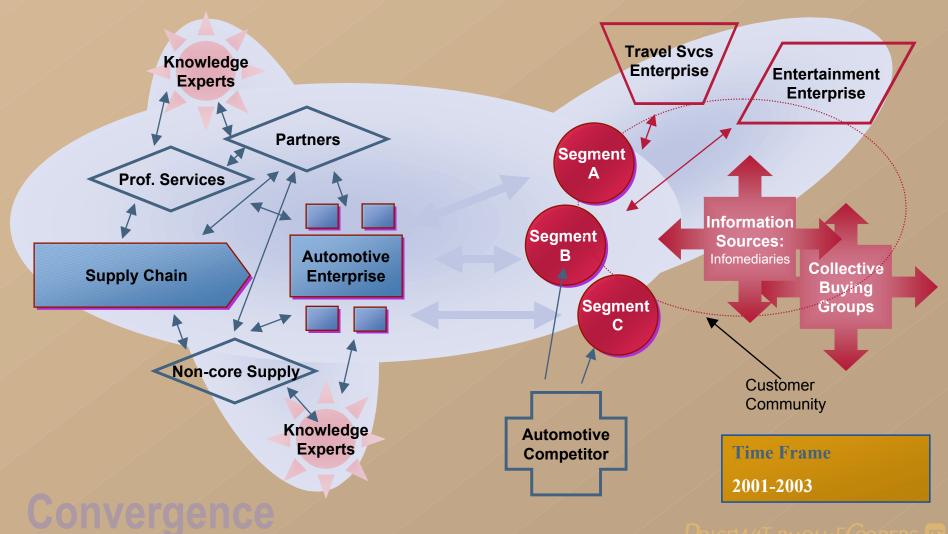
The Extending Enterprise: Stage III

Industry transformation occurs when the enterprise splits off processes that used to be considered core, increasing its focus on core competencies. This is possible due to e-business robustness and flexibility.



The Extending Enterprise: Stage IV

In Stage IV, the "industry" transforms to encompass other industries. The extended auto enterprise now offers industry leading, integrated travel and entertainment products and services, in this example.



E-Business: Key Takeaways

Traditional Business--Three Things

- Closed; welded hierarchy
 - Slow to react; limited flexibility
- Limited customer segments
 - → Based on standard products/services
- Creates product/service, then sells to broad segments (mass market approach)
 - Gets market information 2nd hand, through "market research"
 - Controls product information
- High transaction costs
 - Often has expensive value chain

Other Key Points

- Business processes often siloed
- Long product life cycles
- No knowledge strategy
 - No concept of enterprise knowledge sharing

E-Business--Three Things

- Open; disaggregated, self-organizing
 - → Proacts; very flexible (plugged in to customers)
- Everyone is a customer: low change costs
 - → Employees, partners, customers, friends
- Creates products/services for customers (one to one mentality)
 - Gets information continuously, directly from customers
 - Customers control product information
- Low transaction costs
 - → E-Business vastly reduces communications cost

Other Key Points

- Business processes networked
- Short, continuous product life cycles
- Knowledge strategy key to enterprise strategy
 - Key driver of value proposition





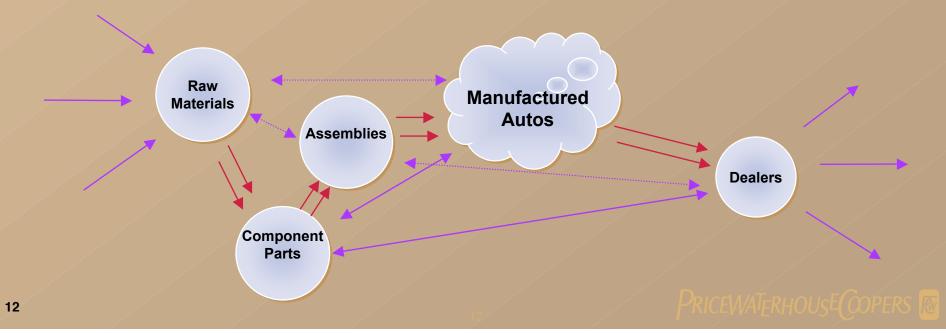
E-Business: What's Different

Supply/value chains are linear while networks are interconnected. Network formation driven by lower communications costs.

Traditional Supply Chain... Linear and Limited

Raw Component Assemblies Manufactured Dealers autos

E-Business Value Net... Unchained and Flexible





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