

# Electronic Business Systems

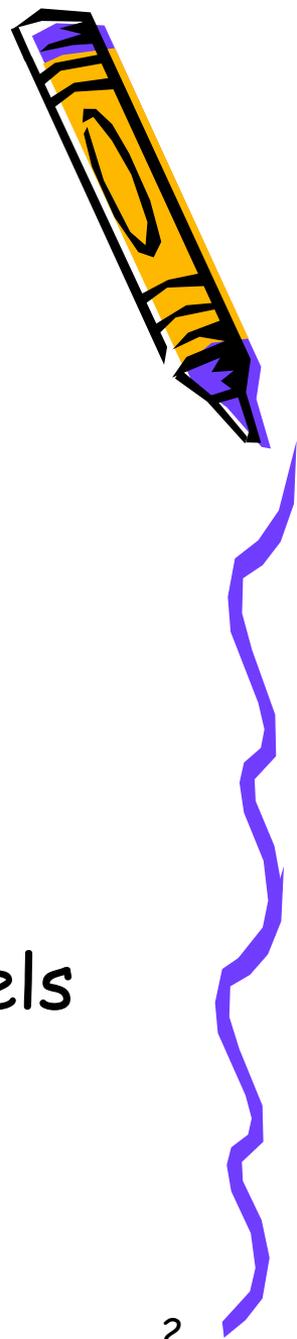
School of Engineering & Design

Alireza Mousavi

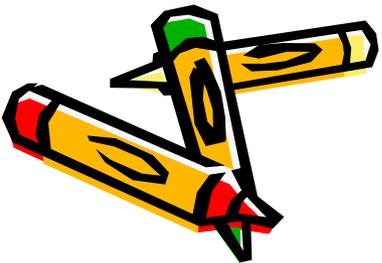
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(5)

# Electronic Business Models



- Definition and their Life Cycle
- Architecture
- Scope and objectives
- Fixed Position vs Mobile
- Introduction to Classical Business Models



# The Electronic Business Model



The dynamics of electronic Business Model require a comprehensive appreciation of:

- The **product** or **service** to be delivered
- The **constituent elements** and their **roles** within the business **value chain**
- Nature of **raw material** and the **logic** prevailing the **processes** that turns them into **final products**
- Sources of **revenue**
- The business **Environment**
- **Life Cycle**: birth, growth, maturity, sustainability, end.



# Architecture of successful e-Business

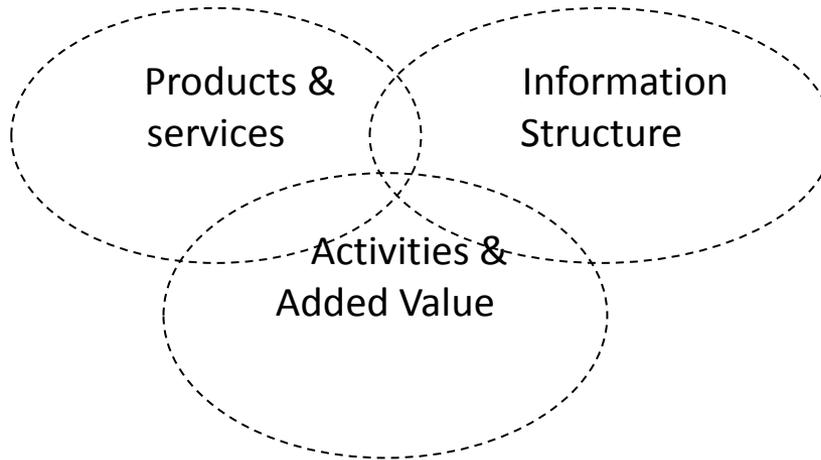
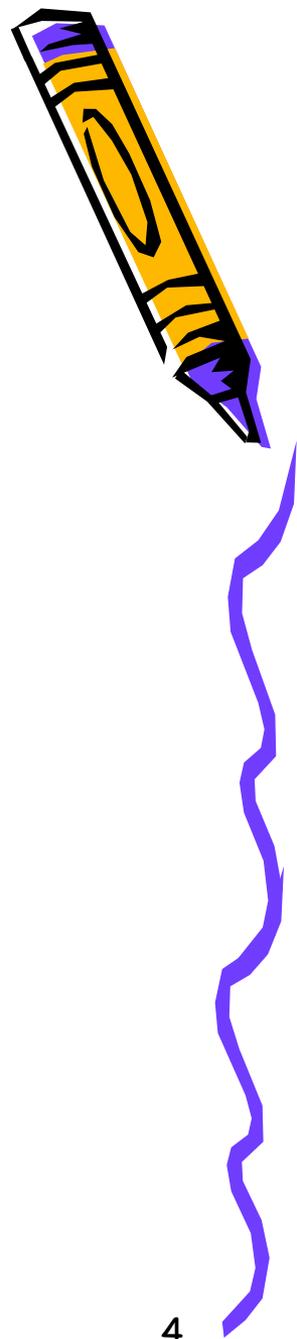
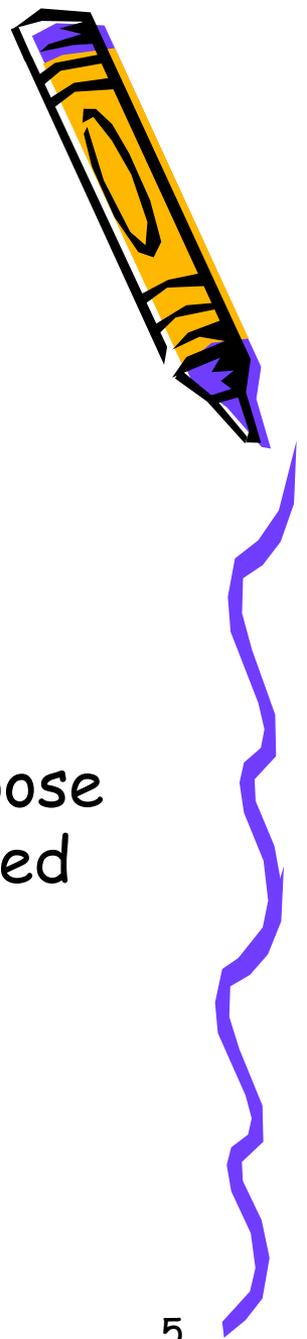


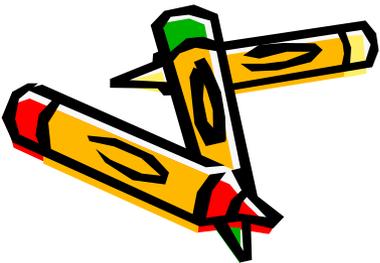
Figure 3.5: Business model architecture



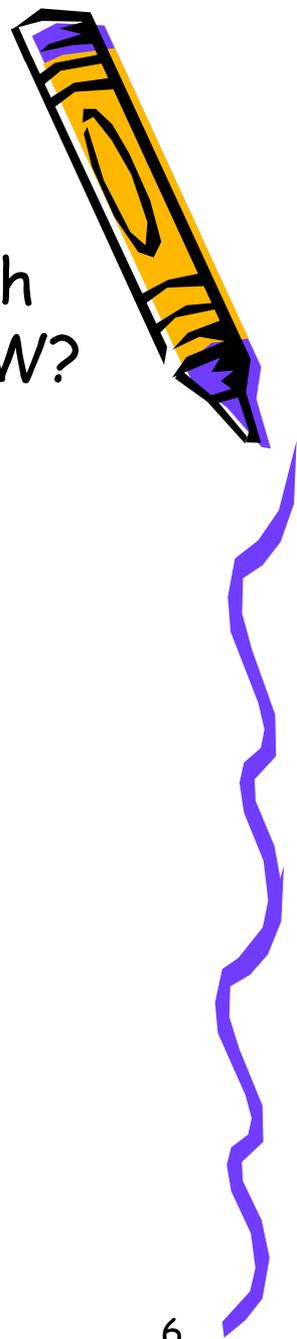
# The business modeller should give



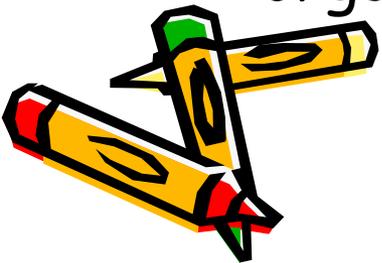
1. **Identity** - Setting missions and goals
2. **Brand** - Strategy to maintain high quality to achieve customer **loyalty** and **retention**
3. **Assess Capability** - Carry out analysis of purpose and synergetic qualities that exist or is planned for future.



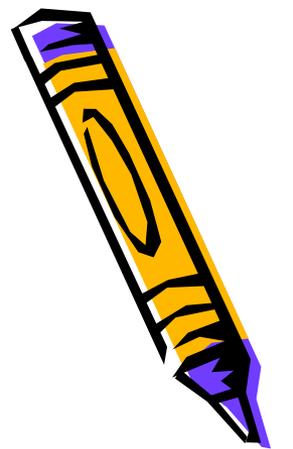
# EBS Models Questions



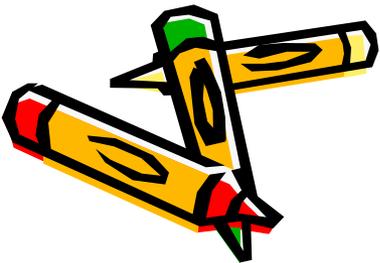
1. What is the organisation going to gain through electronic network and presence on the WWW?
2. What are the benefits for the business associates and partners?
3. Is it going to be sustainable?
4. What are the associated risks?
5. Who does what?
6. What are the inherent capabilities of the organisation?



# Important Factors that Determine Sources of Revenue



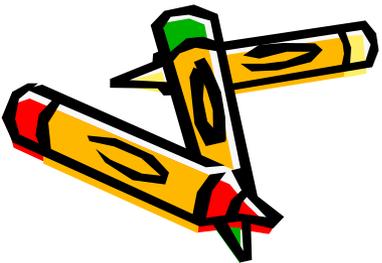
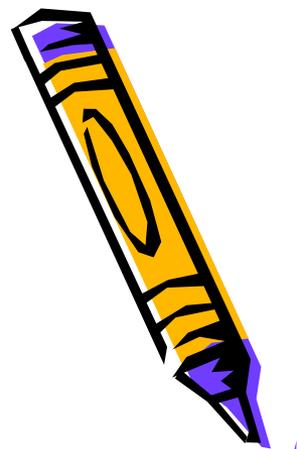
- Target Market (Global vs. Local)
- Market Research and Strategy
- Sources of income and business process costs
- Rate on Return (ROR)
- Business-to-consumer and business-to-business practices
- Competition
- Customer perceptions
- Continuous Improvement Programme (CIP)



# Business Model Life Cycle

1. Non Cyclic functions

2. Cyclic Functions



# Business Model Life Cycle

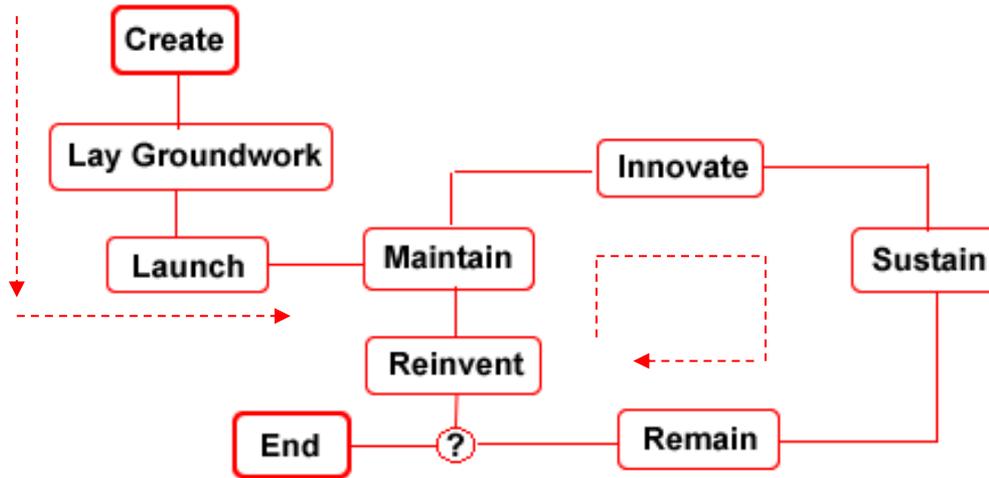
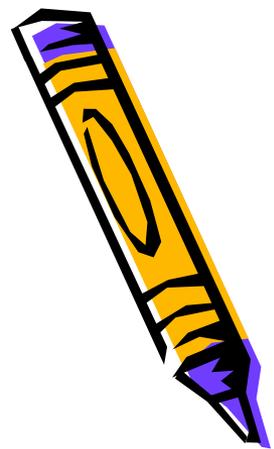
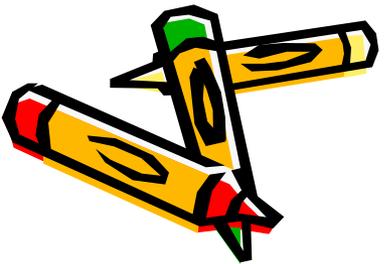


Figure 3.6: Business model life cycle.

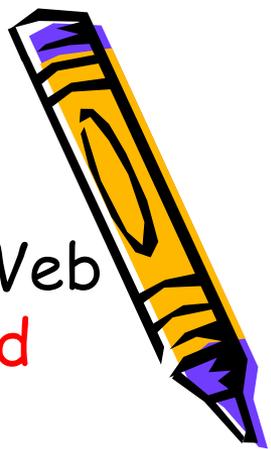


# Fixed vs Mobile Position

The Internet technology and the World Wide Web have created a **platform for dissemination and shared** information.

The revolution in personal computers has provided **direct access** to the WWW from office and home computers.

This is the so-called ***fix position or wired*** access.



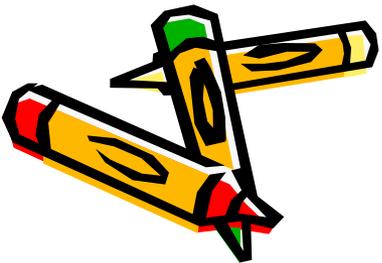
# Fixed Position Access



A fixed position access requires a personal computer with the required software and interface using standard communication mediums to be hardwired to the WWW.

Imposes limitations to access. An indoor facility with all mods and cons need to be provided.

The natural evolution is *mobile* access.



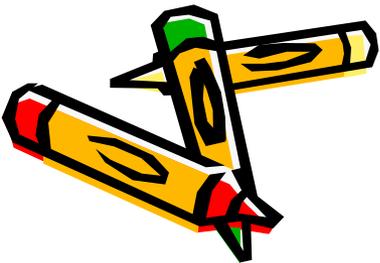
# Mobile Access



Telecommunication companies have realised the potential of access to the WWW via mobile devices.

Heavy investments were made to provide the technology and interfaces required for mobile devices to connect to the Internet.

The economics and business opportunities provided by both the WWW and mobile technology.



# Real-Time Data and Service Attractiveness

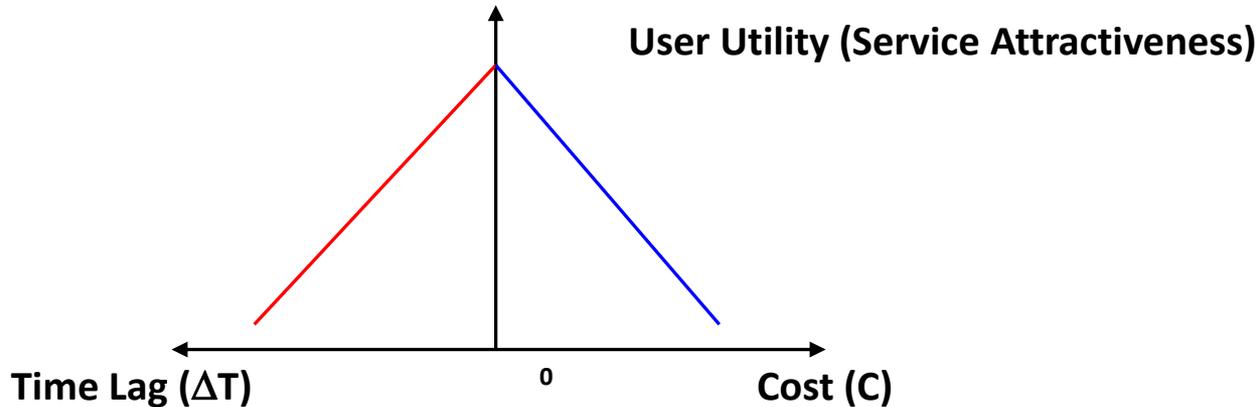
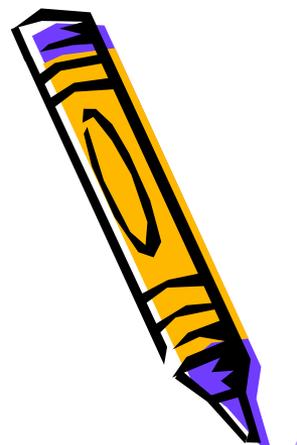


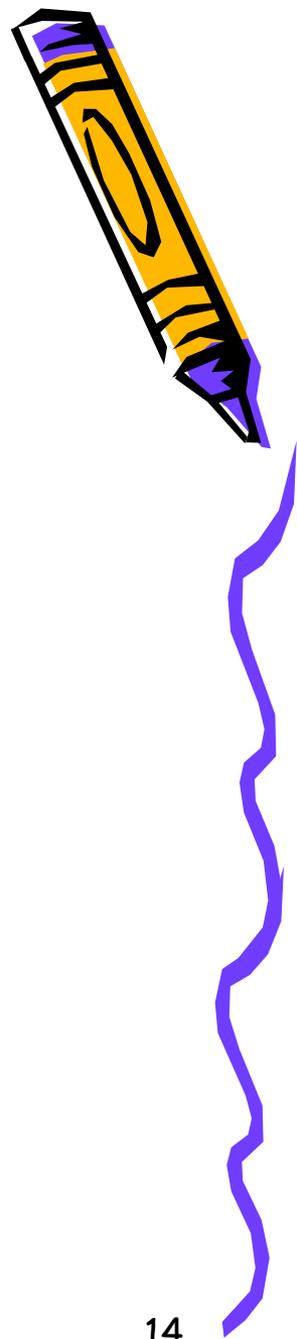
Figure 3.7: Relationship between service attractiveness with information cost and time lag

Where  $\Delta T$  is the difference between the time an event takes place ( $T_E$ ) and the time that the information is received ( $T_R$ ) by the user:

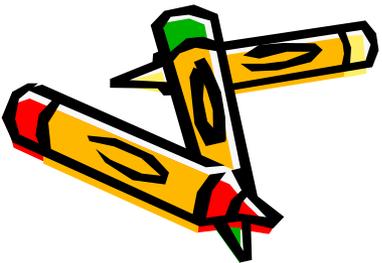
$$\Delta T = T_E - T_R$$



# Classic Business Models

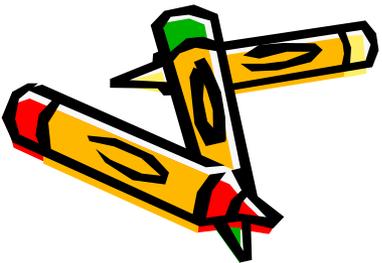
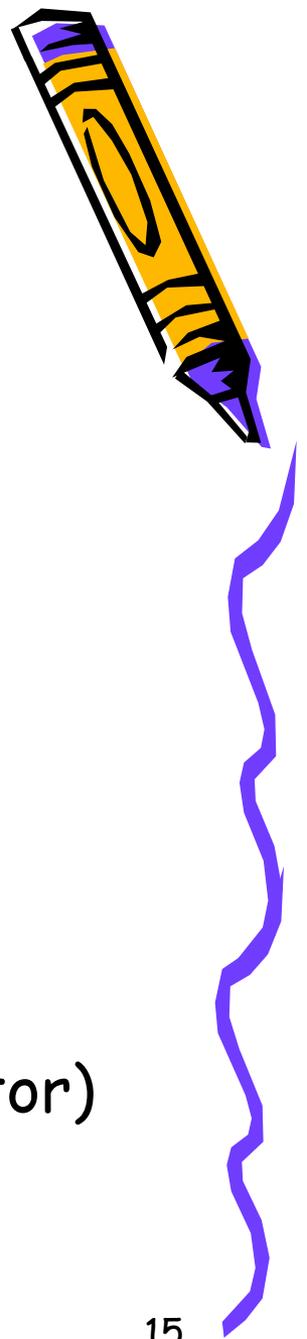


1. E& M Shopping
2. E& M Malls
3. E& M Auctions
4. E& M Value Chain Integrators
5. E& M Content Providers (includes social networking applications)
6. E& M Financial Services
7. E& M Entertainment
8. E& M Manufacture



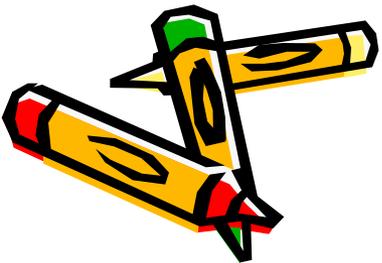
# E& M Shopping -1

1. A new platform for traditional high street retailers
2. A special opportunity to save with "*web exclusive*" offers
3. With the advancement of multimedia and software technology the thrill of high street shopping has been embedded (The Touch Factor)

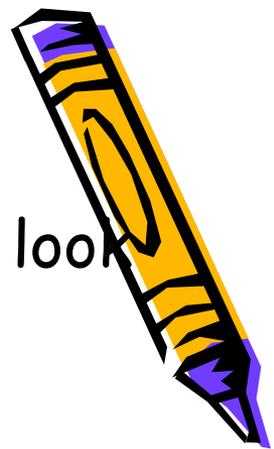


# E& M Shopping - 2

4. Provides **secure** transaction facilities
5. Also offers customers the use of traditional commercial channels such as telephone, fax, and address to the nearest shop

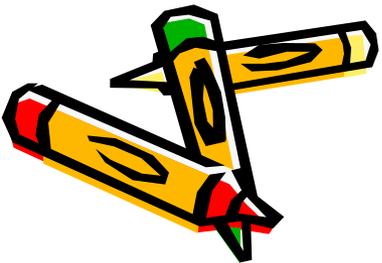


# E& M Shopping - 3

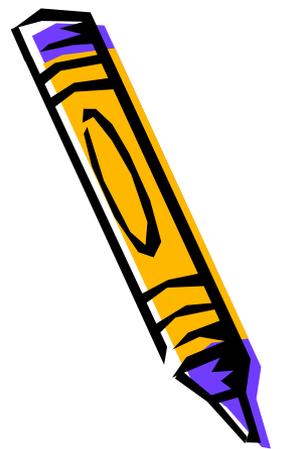


Shoppers who shop using their mobile devices look for special features such as:

1. Does this mode of shopping have any advantage to other modes?
2. Are there any specific incentives if the order is put through mobile devices?
3. Will there be sufficient information on the product via mobile services?
4. Does the mobile service provide better purchasing options such as product alternatives and real-time updates

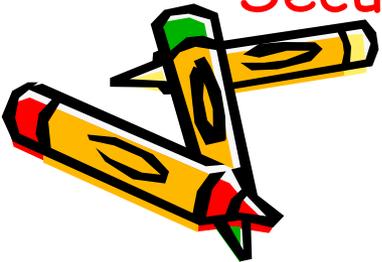


# E& M Shopping - 4

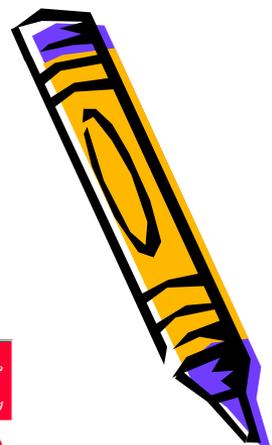


As a designer of a e&m Shopping business model there are specific features that you need to consider:

- Product Browsing
- Product Comparing
- Ordering and Payment
- Product Delivery
- Secure Transaction



# Examples EasyJet.co.uk and Currys.co.uk



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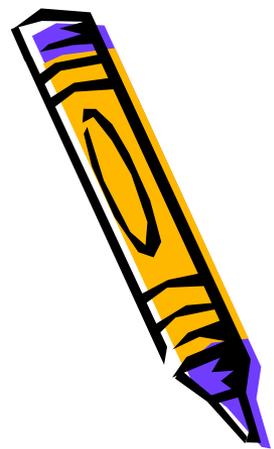
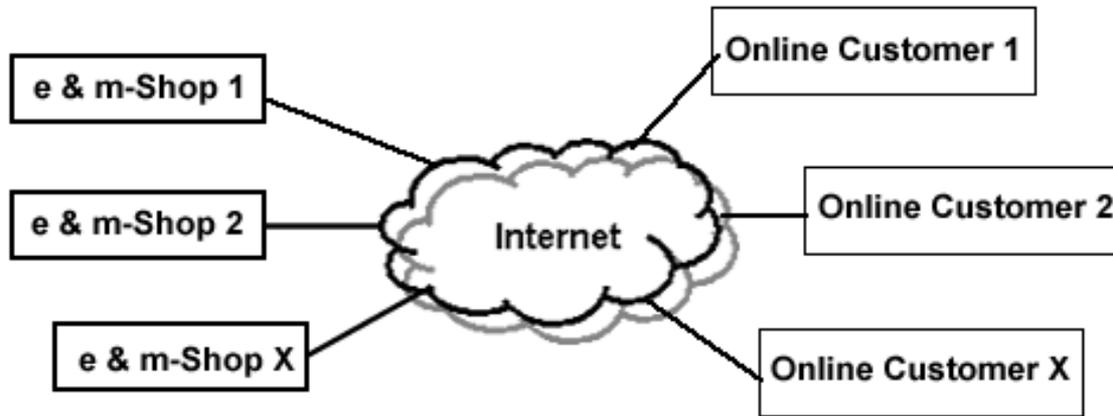
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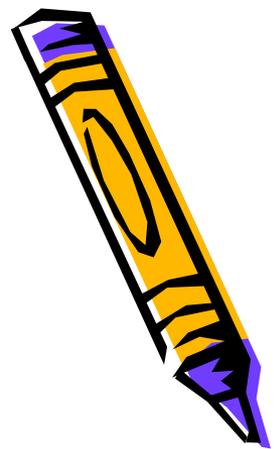
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# A Schematic view of m&e Shopping



# Next Week



We will continue with other E&M  
Business Models

