

Inter-organizational Commerce

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Agenda

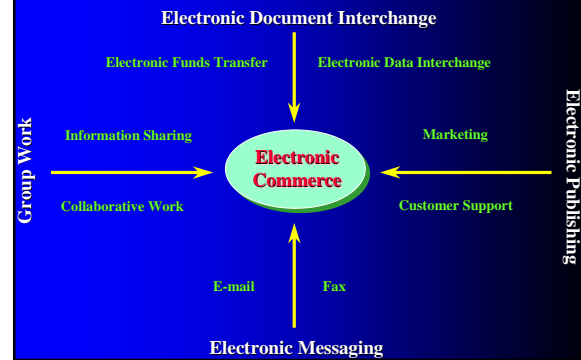
- What is Interorganizational Commerce (IOC) and why all the interest?
- Types of IOC?
- Electronic Data Interchange
- Electronic Funds Transfer

Defining Electronic Commerce

- Electronic Commerce is the application of Information Technology to conduct business between and across organizations.

“Transforming the enterprise through the strategic application of Internet Technologies”

Overview of E-Commerce



What is Interorganizational Commerce?

- Electronic communication between the firm and its environment.
- Includes all forms of communication depicted in the EC model; but restricted to communication between a firm and its environment.
- one-to-one; one-to-many; and many-to-many communications

Why Interorganizational Commerce?

- Reduce costs
 - decrease the cost of processing transactions
- Reach new markets
 - reach new customers and suppliers
- Improve service
 - speed up delivery of products
- Sell new products
 - can compete in different product markets

Types of Interactions

- Two basic types of interactions should be considered
 - between two or more firms
 - between firms and consumers
- Examples of interactions
 - GM purchasing water pumps from a supplier
 - a customer obtaining real-time, personalized service in a chat room; ordering golf clubs online

Two or more Firms

- Key factors to consider
 - what does your firm hope to gain?
 - is it an offensive or defensive application?
 - private, restricted or public network
- Issues
 - Specific or general?
 - Who sets the standards?
 - Gain/Loss from setting standards and/or owning the system.

Two or more Firms

- Issues
 - Who owns the system?
- What are the structural changes that must be made to take advantage of the system?

Firms & Consumers

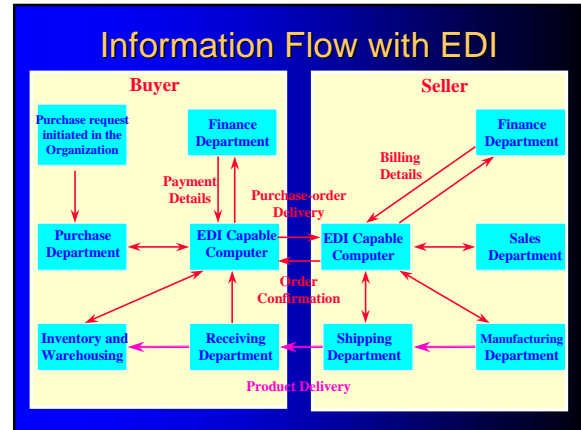
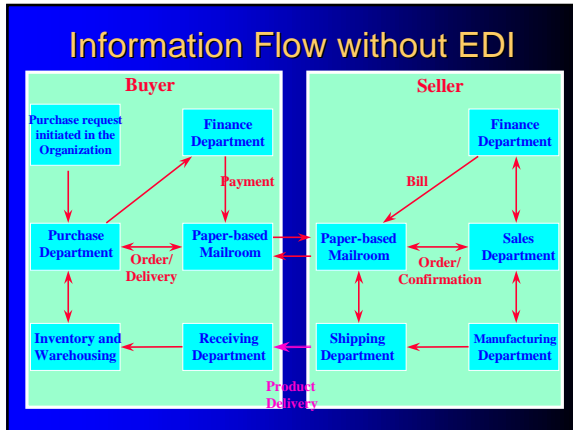
- Key factors to consider
 - what does your firm hope to gain?
 - is it an offensive or a defensive application?
 - what does it take to implement the system and what are the risks?
 - technical and organizational risks
- Issues
 - Potential size of the market
 - Real technological problems

Firms & Consumers

- Issues
 - Perceived technological problems
 - Gain/Loss from being a leader
- What are the structural changes that must be made to take advantage of the system?

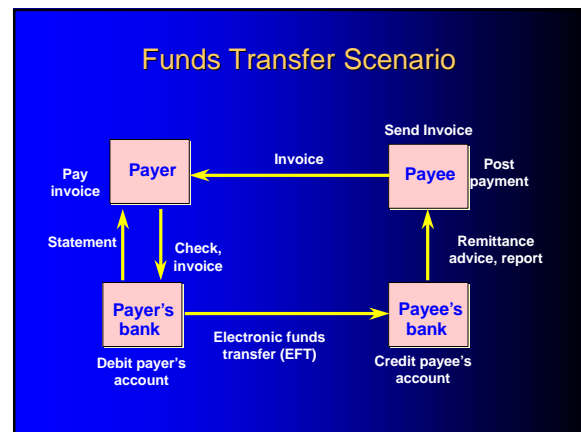
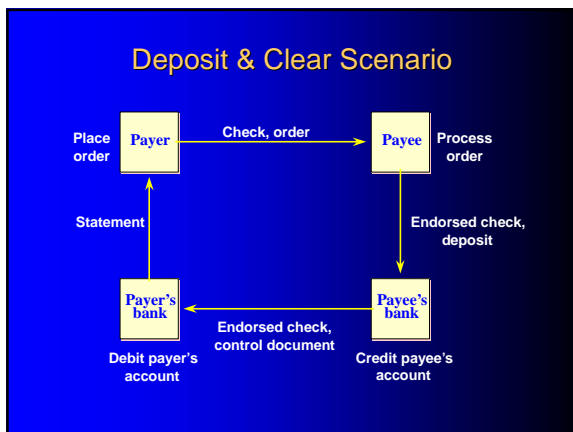
Electronic Data Interchange

- The computer application to computer application communication of business information in a standardized form to enable business transactions to be executed.



- ### Benefits of EDI
- Better service
 - Reduced inventory
 - Reduced paper
 - Expanded customer/supplier base
 - Better record keeping and processing
 - Reduce cycle time

- ### Electronic Funds Transfer
- Electronic Transmission of payments and remittance information between a payer, payee and their respective banks
 - Benefits
 - reduced cost
 - more timely
 - improves accuracy
 - reduces paper



IOC Standards

- Financial transactions
 - debit, credit or electronic cash transactions
- Securing transactions
 - public & private key encryption
 - digital signatures
- Multiple standards?
- Transparent to parties involved?

Factors Affecting Growth

- Perceived security
- Ease of use (transparency)
- Number of online parties
- Cost
- Telecommunications in other parts of the world

Summary

- What is IOC?
- Why the sudden interest in IOC?
- How do transactions between firms & between firms and individuals differ?
- EDI & EFT
- How does “what happens with standards” affect the evolution of EDI?