Chapter Objectives

- Identify several ways that information technologies have affected the job of managers in e-business companies.
- Explain how problems of information system performance can be reduced by the involvement of business managers in IS planning and management.
- Identify the seven major dimensions of the e-business organization and explain how they affect the success of e-business companies.
Chapter Objectives

Identify each of the three components of e-business technology management and use examples to illustrate how they might be implemented in e-business enterprise.

Identify several cultural, political, and geoeconomic challenges that confront managers in the management of global e-business technologies.

Explain the effect on global e-business strategy of the trend toward a transnational business strategy by international business organizations.

Identify several considerations that affect the choice of IT applications, IT platforms, data access policies, and systems development methods by a global e-business enterprise.
Managing e-Business Technologies

Information Technology Developments

E-Business
• Agility, Flexibility
• Business Strategies
• Supply Chain
• Total Quality

Customer Value
• Responsiveness
• Accountability
• Lower costs

• Global and enterprise computing; intranets
• IT infrastructure

Suppliers

Business Partners

National Gobel in Brief


Brand: National Panasonic

Established: July 27, 1970
Capital: US$ 23 Million
Share holders: Matsushita Electric Industrial Co. Ltd. (60%)
Gobel International (40%)
Employees: 3,204 (April 2003)
Sales (2002): Rp. 1.8 Trillion (27% export)

Audio Factory
Air Conditioner Factory
Refrigerator Factory
Global Competitiveness

Domestic Market
- Regulation
- Incentive
- Certification

Manufacturer
- Apprenticeship
- Research

Export Market

University
- Vision
- Policy

Government
- Vision
- Policy

Global: WTO
- ISO CERT.
- ANTI DUMPING
- ENERGY SAVING
- RECYCLING

Competitiveness
- HIGH QUALITY
- COST
- SPEED
- GLOBAL MODEL

Domestic Market: WTO

Regional Sub-Regional: AFTA

The e-Business Organization

<table>
<thead>
<tr>
<th></th>
<th>Traditional Organization</th>
<th>E-Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Structure</td>
<td>Hierarchical</td>
<td>Horizontal, networked</td>
</tr>
<tr>
<td>Leadership</td>
<td>Centralized focus</td>
<td>Everyone is a leader</td>
</tr>
<tr>
<td>People and Culture</td>
<td>Vertical decision making</td>
<td>Delegated authority</td>
</tr>
<tr>
<td></td>
<td>Individuals rewarded</td>
<td>Collaboration rewarded</td>
</tr>
<tr>
<td>Coherence</td>
<td>Internal relevance</td>
<td>Customer relevance</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Individualistic</td>
<td>Institutional</td>
</tr>
<tr>
<td>Alliances</td>
<td>Ally with distant partners</td>
<td>Ally with competitors, customers and suppliers</td>
</tr>
<tr>
<td></td>
<td>Complement current gaps</td>
<td>Create new value</td>
</tr>
<tr>
<td>Governance</td>
<td>Top-down</td>
<td>Distributed</td>
</tr>
</tbody>
</table>
### The Role of Information Technology

<table>
<thead>
<tr>
<th>Distruptive Technology</th>
<th>Old Rule</th>
<th>New Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared databases</td>
<td>Information can appear in only one place at one time</td>
<td>Information can appear simultaneously in as many places as is needed</td>
</tr>
<tr>
<td>Telecommunications networks</td>
<td>Business must choose between centralization and decentralization</td>
<td>Business can simultaneously reap the benefits of centralization and decentralization</td>
</tr>
<tr>
<td>Expert Systems</td>
<td>Only expert can perform complex work</td>
<td>A generalist can do the work of an expert</td>
</tr>
<tr>
<td>Decision Support Tools (database access, modeling software)</td>
<td>Managers make all decisions</td>
<td>Decision-making is part of everyone’s job</td>
</tr>
</tbody>
</table>

Source: Reengineering The Corporation - Michael Hammer & James Champy

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### Example of organizational structure of an e-business enterprise

- **Global Executive Core**
- **E-commerce Business Unit**
- **Consumer Products Business Unit**
- **Shared IT Support Services Business Unit**
- **Industrial Products Business Unit**
- **Shared Administrative Support Services Business Unit**
- **Financial Services Business Unit**
e-Business Technology Management

- Managing e-Business IT Strategy
- Managing Application Development & Technology
- Managing the IT Organization

IT Strategic Planning Management

- Customer and Business Value Visioning
- E-Business Strategies and Models
- E-Business IT Strategies and Architecture
- E-Business Application Development & Deployment

Key Insights

Key Objectives

Priorities

Feedback
Benefits Derived from Company IT Planning

- Reduced support costs
- Reduced complexity
- Expertise portability
- Interoperability
- Volume discounts
- Reduced training costs
- Information sharing

Managing the IS Function

Application Development
- Systems Analysis
- Systems Design
- Programming
- System Maintenance

Human Resource Management
- IS Recruiting
- Training
- Retainment Programs
- Support Staff

IT Operations Management
- Network Management
- Production Control
- Product Support
- Systems Performance
Business Drivers for Global e-Business

- Global Customers
- Global Products
- Global Operations
- Global Resources
- Global Collaboration

Global IT Platform Issues

Global Infrastructure

- Global Data Access
- Regulated Access
- Transborder Data Flows

Global Systems Development

- Local vs. Global Requirements
- Multilingual Needs
- Standardization of Data
- Scheduling Global Activities

Global Computing Facilities

- Hardware acquisitions
- Import restrictions
- Software compatibility
- Local service
- Balancing workloads
- Lack of spare parts
Chapter Summary

- e-Business technologies are changing the distribution, relationships, resources, and responsibilities of managers.

- High-quality information system performance is dependent on extensive and meaningful management and user involvement in the governance and development of IT applications.
  - The organizational structure and roles of e-business companies are undergoing major change as they strive to become customer-focused.

Chapter Summary (cont)

- Managing IT in an e-business has three major objectives:
  - Managing the joint development and implementation of e-business IT strategies.
  - Managing the development of e-business applications and the research and implementation of new technologies.
  - Managing IT processes, professionals, and subunits within the company.
Managing global e-business technologies includes:

- Dealing with cultural, political, and geoeconomic challenges posed by various countries.
- Developing appropriate business and IT strategies.
- Developing a portfolio of global e-business and e-commerce applications and an Internet-based technology platform to support them.

Many businesses are becoming global companies and moving towards transnational e-business strategies in which they integrate the global business activities of their subsidiaries and headquarters.