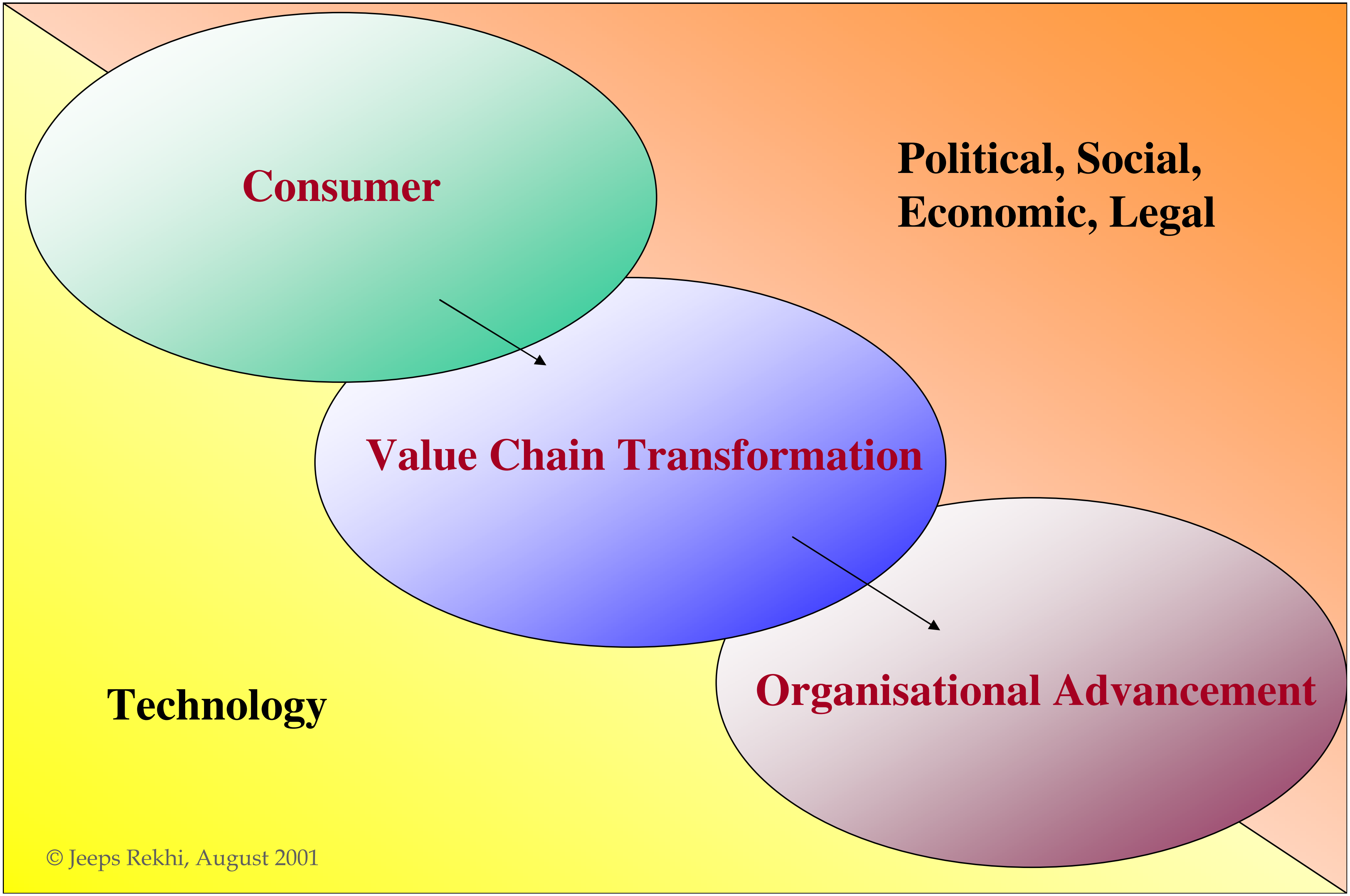
Relationship of Areas of Strategic Focus



Relationship of Areas of Strategic Focus

Consumer
(CRM)

Political, Social, Economic

1. Even though the Internet has facilitated the growth of e-Business, the drivers have originated with the consumer wanting a customised product or service at reasonable cost

Value Chain Transformation
(SCM)

2. Satisfying consumer's demands is enabled through technology and the Internet. However, efficiently satisfying these demands requires a complete overhaul of the current value chain system

3. Value chain restructuring may be an implementation exercise, but supporting the new structure and continually creating new structures to remain competitive requires advancing the organisation in not only structure, but skills and learning capabilities

Organisational Advancement
(HRM)

(Technology underpins the developments)

Technology
(IT Services)

Enablers / Drivers
- Internet
- Standards
- Cheap Processing Power
- Penetration

Effects
- Intelligence Migration
- Pervasive Computing
- Automation
- Pandemic Personalisation

Strategic Focus: Consumer

Objectives:
- To Maximise Customer Value
- Attracting & Retaining Customers

CAUSE

Driver	Cause
♦ Build greater understanding of the consumer	♦ To serve better suited products and services
♦ Pro-active / anticipation of consumer needs	♦ Increase revenue through more sales
♦ Personalisation and enhancement of digital customer experience	♦ Retention, cross-selling etc.
♦ Value for time is replacing value for money	♦ Time is becoming a more scarce resource than money – convenience is key

EFFECT

Result	Example
♦ Integrated, multi-channel offering	♦ Yahoo
♦ Conversational, bi-directional dialogue	♦ Telephone dial-in voting
♦ Products are becoming commoditised and are being bundled into services	♦ Bundling in delivery, insurance etc.
♦ Navigation, and infomediary roles are created (other names include content packager, context provider)	♦ Amazon

Strategic Focus: Value Chain Transformation

Objectives:
- Mass Customisation
- Balancing Cost Efficiency and Value To Consumer

CAUSE

Driver	Cause
♦ Value chain is becoming value web consisting of "value threads" – requires multiple, dynamic relationships ♦ BPR becoming Industry Process Re-engineering ♦ Redefinition of goods and services clusters ♦ Customer-driven production process	♦ Interactions are cheaper ♦ Optimisation of value to consumer (including cost) - consumer wants end-to-end solutions rather than pinpoint products ♦ Physical and information flows in value chain are separating ♦ JIT, customisation imperative

EFFECT

Result	Example
♦ Complex relationships becoming e-enabled ♦ E-marketplace structures different to current structures ♦ Collaborative rather than adversarial relationships ♦ Tight integration along value chain and "Choiceboards"	♦ Many B2B hubs are based on predominantly online relationships ♦ Positions of value are being redefined – e.g trusted third parties like Fastparts who check specifications, due diligence etc. ♦ Cisco – working with many companies for mutual benefit ♦ Dell

Strategic Focus: Organisational Advancement

Objectives:
- To Build Successful Products / Services
- To Learn Competencies / Capabilities To Enable Building Successful Products / Services

CAUSE

Driver	Cause
♦ Partnering and alliances ♦ Structural flexibility / adaptability ♦ Derive maximum value from human resource ♦ Most strategy planning tools have little application in the eBiz environment at this stage	♦ Optimum mass product / service cannot be provided by one organisation alone ♦ Rapid-moving environment requires the right response fast (Corporate Instinct) ♦ Highest value capital, and most mobile ♦ Uncertain business models with unknown competitors precludes accurate planning

EFFECT

Result	Example
♦ Shift to core competencies ♦ Organisation becoming network of business capabilities (and moving away from strategic units) ♦ People development ♦ Strategy planning replaced by pure strategy	♦ Outsourcing, spin-offs etc. ♦ Horizontal skills aggregating rather than split between vertical departments ♦ Greater focus on retraining and retaining employees ♦ “Strategy by simple rules”, e.g. Cisco

Possible long-term trends: 2-5 yrs

- Focusing on end-consumer
- Co-operation and competition in same market e.g. offer competitors products
- Blurring B2B, B2C, B2E etc. – it will change to marketplace to marketplace interactions (M2M) ????
- Componentisation of Business Functions, e.g. business processes, locating suppliers, negotiating with suppliers, transacting, advertising, employee retention etc. etc.
- Companies are concentrating on one of product innovation, customer relationship management, infrastructure
- Legal requirements far from resolved for secure online commerce, e.g. satisfying current law, determining future law, advertising
- Security and Privacy concerns will remain high on agenda – need to build trust between anonymous suppliers and consumers
- Digital Relationship mgmt
- Syndication will become dominant model for Internet
- Emergence of virtual corporations and business ecosystems
- Intelligence migration – decoupling and mobilisation
- "The value in the e-marketplace will be derived from getting the right products from the right sellers to the right customers"
- Movement of B2B towards financial markets, as information and physical flows completely separate, e.g. e-speculator
- Movement of Human Resource from integrated enterprises to networked e-lancers (self-employed)
- Movement of focus from scm, crm and hrm to capturing value from Human, customer and structural captial. Also, marketing becoming relationship capital – 4Ps to ABCDE
- 5 categories of value contributors