7   Electronic Business Systems

Answers to Discussion Questions

2.   **Why is there a trend toward cross-functional integrated enterprise systems in business?**

The increasing complexity of conducting business in today's environment dictates that management be presented with a comprehensive picture of the company as a whole. Additionally, these cross-functional, integrated, systems put in evidence the interrelations between different functional areas and the effect they have on the organization. Functional-silo systems, while very effective in helping managers manage their specific area do not provide these capabilities. Integrated systems allow modern organizations to stay flexible to changes in their environment and react promptly across the board. It could be argued that functional integration within the organization is a necessary, but not sufficient, condition to stay competitive in the marketplace.

3.   **Which of the 13 tools for enterprise collaboration summarized in Figure 7.8 do you feel are essential for any business to have today? Which of them do you feel are optional, depending on the type of business or other factor? Explain.**

The criteria used to separate technologies between essential and optional is a subjective one. On the essential list are included technologies which, by virtue of their pervasiveness currently in the work environment, would be very difficult for organizations to do without. They include communication and shared management tools which are important for any project size above medium. That a technology was included in the optional group does not diminish its importance. These technologies, however, depend on certain types of organizational culture and processes to support their usage, and thus the perception of need would vary depending on the organization. It would not be surprising that this classification would vary with industry type, particularly for very high or very low tech environments.

Essential:
- Electronic mail
- Voice mail
- Faxing
- Web publishing
- Calendaring and scheduling
- Task and project management
- Voice conferencing
- Videoconferencing

Optional:
- Instant messaging
- Data conferencing
- Discussion forums
- Chat systems
- Electronic meeting systems
- Workflow systems
- Knowledge management

4.   **Refer to the example of Dell Computer in the chapter. What other solutions could there be for the problem of information system incompatibility in business besides EAI systems?**

The lack of integration means that companies aren't getting the seamless processing that would enable them to

reduce costs and speeds up customer responsiveness. This is true whether you are talking about Dell Computer or any other company dependent on integrated systems. Dell Computer chose the WebMethods' enterprise application integration (EAI) technology as a solution to their challenge of integrating a variety of software packages from a number of companies that they deal with. This technology acts as a software translator and creates a kind of hub that, using the Web, allows instantaneous communication among networked companies' internal business systems.

Dell could have chosen to develop their own in-house system or outsourced the contracting of a new system that their clients would buy into. They could also pursue such things as joint ventures, strategic alliances, licensing, etc. for a new system.

6.   How could sales force automation affect salesperson productivity, marketing management, and competitive advantage?

Sales force automation is the use of computers to automate sales recording and reporting by sales people as well as communications and sales support. It improves productivity by saving time otherwise spent on manual creation of records, reports, and presentations; it improves communications and accessibility to information to support sales activities; and it may help in planning sales tactics.

Increasingly, computers and networks are providing the basis for sales force automation. In many companies, the sales force is being outfitted with notebook computers that connect them to Web browsers, and sales contact management software that connect them to marketing websites on the Internet, extranets, and their company intranets. Sales force automation has resulted in increasing the personal productivity of salespeople, dramatically speed up the capture and analysis of sales data from the field to marketing managers at company headquarters, allows marketing and sales management to improve the delivery of information and the support they provide to their salespeople. Many companies view sales force automation as a way to gain a strategic advantage in sales productivity and marketing responsiveness.

7.   How can Internet technologies be involved in improving a process in one of the functions of business? Choose one example and evaluate its business value.

There are various answers for this. However, you can choose from any of the various functions of business such as accounting, marketing, manufacturing, retailing, etc.   For this answer, the accounting function will be given. For example, accounting information systems are being affected by Internet and client/server technologies. E-Business demands new processes and way's of accounting throughout the transaction cycle.   Using the Internet, intranets, extranets, and other network changes how accounting information systems monitor and track business activity. The online, interactive nature of such networks calls for new forms of transaction documents, procedures, and controls. Many companies are using or developing network links to their trading partners through the use of the Internet or other networks for applications such as order processing, inventory control, accounts receivable, and accounts payable. These advances in the accounting function have to vast improvements in the capturing, reporting, and the accuracy of company data. Thus, real-time processing of accounting information enables executives to make better and more informed decisions involving their firm's resources.

9.   What are several e-business applications that you might recommend to a small company to help it survive and succeed in challenging economic times? Why?

e-business applications may take on many forms. For example data conferencing, digital information services, distance learning, facsimile, intranets, teleconferencing, videoconferencing, voice mail systems etc. It may also take on the form of applications dealing with procurement, marketing, manufacturing, financial, logistics, human resources, supplier and vendor integration applications and a multitude of other applications. What is important in the question is that a small company can use e-business applications to survive and succeed in challenging economic times by allowing it to carry out many functions more effectively. As well, as large corporations restructure and go back to concentrating on their core business there are a number of opportunities for small businesses to provide services to the larger companies.

10.   Refer to the example on General Electric in the chapter. How do enterprise collaboration systems

contribute to bottom-line profits for a business?

There is a growing organizational need to integrate functions and business processes to improve organizational control, coordination, and responsiveness by allowing data and information to flow more freely between different parts of the organization. Poorly integrated applications can create costly inefficiencies or slow customer service and become competitive liabilities. Enterprise collaboration system software consists of a set of interdependent modules for applications such as sales and distribution, financial accounting, investment management, materials management, production planning, plant maintenance, and human resources that allows data to be used by multiple functions and business processes for more precise organizational coordination and control. The modules can communicate with each other directly or by sharing a common repository of data. Vendors are rapidly enhancing their products to provide more capabilities for supply chain management, customer relationship management, and exchange of data with other enterprises. As such, these systems can greatly enhance the bottom-line profits for a business who knows how to use them effectively.

ANSWERS TO REAL WORLD CASES

RWC 1: Hilton Hotels Corporation: Data Driven Hospitality

Case Study Questions

1.   What are the benefits and drawbacks of the OnQ system at Hilton?

Benefits:
- Improved customer service
- Improved customer retention (or non-retention as the case may be)
- Vertical integration with corporate clients
- Management reporting

Drawbacks:
- System training must accommodate high employee turnover
- Only about 50% of Hilton's customers are in the system
- Development costs

2.   What does Hilton have to do to create a competitive advantage through OnQ? Provide some specific examples.

Competitive advantage:
Reservation systems, management reporting systems, and customer recognition programs are all quite common. Hilton needs these not as a competitive advantage but just to keep up with the competition.

On the other hand, vertical integration with major corporate clients may provide some interesting possibilities. Hilton might benefit by providing better reporting to organizations whose employees travel frequently. Organizations expend considerable effort ensuring its employees follow their travel policies. By integrating with Hilton's systems, such organizations can enlist Hilton's assistance in enforcing these policies. With better information in hand, these companies can also negotiate beneficial travel deals with Hilton that guarantees Hilton future business and the organization a discounted rate.

3.   Is it possible to have too much information about a customer? Explain.

Privacy issues pop up once again. People may not want their behavior and preferences tracked. For example, the innocuous greeting: "Mr. Jones, welcome back, we hope you enjoyed your stay last week" may well destroy a marriage under certain circumstances. While employees might be trained to avoid such indiscreet slips, some

customers may prefer not to take that chance – and stay elsewhere.

Employee training aside, if Hilton should lose control over this data through some security breach, the criminals responsible might attempt to abuse the data and extort Hilton's customers. The bad publicity from such an event might well undo a considerable amount of goodwill. Consider the security breach at AOL wherein employees released a few hundred thousand search queries to researches. In addition to considerable negative press, the laps forced AOL's chief technology officer to resign.[1]

Real World Activities

1. The concept of customer relationship management is rooted in the idea that more information about a customer will ultimately result in better service to the customer. Using the Internet, see if you can find examples of other companies that have found ways in which to apply the gathering of customer data to the management of customer relationships.

CRM Examples:
"DestinationCRM.com" has an interesting article about leveraging CRM.[2]

"Salesforce.com" also lists numerous case studies.[3] However, Salesforce's strengths appear oriented around marketing and sales rather than customer service.

Boise Office Solutions provides an excellent case study on a successful CRM implementation that focuses on its *customer's* needs.[4] In Boise's case, the CRM initiative revolved around viewing each transaction from its customers point of view. This view extended beyond purchasing agents to just about every Boise/Customer interaction. The end result provided a system that met Boise's *customer's* information needs.

The classic example, however, is Amazon. The story should be well familiar by now. Amazon uses customer's purchase information to make recommendations to other customers with similar interests.

2. CRM raises issues of invasion of privacy since conclusions can be drawn about a customer's behavior from the data commonly collected. Break into small groups with your classmates, and discuss these potential privacy issues. How can an organization meet the needs of serving its customers while simultaneously protecting their privacy?
Encryption or masking customer's identity might help in some cases. However, in the AOL case[5], personally identifying information was embedded within the data itself. Managers would do well to first place both a business value and a risk factor on each piece of data. They should ask themselves, "can we do within this piece of information" as well as "what would happen if this piece of information got out?" In some cases, managers may find they are maintaining information that might cause more harm than good.
Librarians are facing this issue now. Library systems already contain a list of patrons, of holdings, and of materials on order, on reserve, or checked out. Librarians may find it useful to identify popular materials and topics. However, do they also need to maintain a history of who has checked out what? Is this information helpful to the library? Could this information be harmful to an individual if leaked or even subpoenaed? More significantly, what affect might these concerns have on academic research? Many libraries are considering their privacy policies for these very reasons.[6]

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[1] http://www.iht.com/articles/2006/08/22/business/aol.php

[2] http://www.destinationcrm.com/articles/default.asp?ArticleID=6199

[3] http://www.salesforce.com/customers/casestudies.jsp

[4] http://www.cio.com/archive/110102/perspective.html

[5] http://www.iht.com/articles/2006/08/22/business/aol.php

[6]

http://www.ala.org/ala/oif/iftoolkits/toolkitsprivacy/guidelinesfordevelopingalibraryprivacypolicy/guidelinesprivacy policy.htm