e-transformation: The Restructuring of the Supply Chain of Mature Business Industries via e-Technology

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Supply Chain of a Typical Original Equipment Manufacturer
Electronic Commerce Players

Suppliers
- Procurement
- Supply chain management

The Firm

Customers
- On-line marketing
- On-line sales
- Customer service
- Built-to-order products
- Product/firm inquiries

Business Partners
- Joint design
- Outsourcing
Economic Forces
(mostly mature products/markets)

Profit = Revenue - Cost
Upstream Strategies

B2B

- Suppliers Collaborations
  - Supply Web with Tier 1 and Tier 2
  - CPFR (Collaborative Planning Forecast, Replenishment) by VICS (Voluntary Interindustry Commerce Solutions Association)

- Practice of Postponement
  - Product Redesign for Manufacturing Processes
  - e.g. Inkjet printers, Ramen (instant noodles).
The diagram illustrates a process cycle involving analysis, strategy & planning, execution, and demand & supply management. It highlights key steps and roles for manufacturers, retailers, and consumers.
Positioning CPFR Relative to the FMI/GMA Collaborative Commerce Model

Source: AT Kearney for GMA/FMI
Downstream Strategies
B2C

• Commodity Products vs. Price-sensitive Products.

• Standard Pricing/EDLP (Every Day Low Price) for commodity products. Avoid bullwhip effects.

• Build-To-Order (BTO) / Mass Customization for Price-sensitive Products.

• CRM with Consumers (both products).
Major Challenges

- Pro-active restructuring of the Supply Chains instead of Re-active strategy. Risk averse behavior.

- Product Bitability.
  - e.g. Music industry
  - e.g. Publishing industry