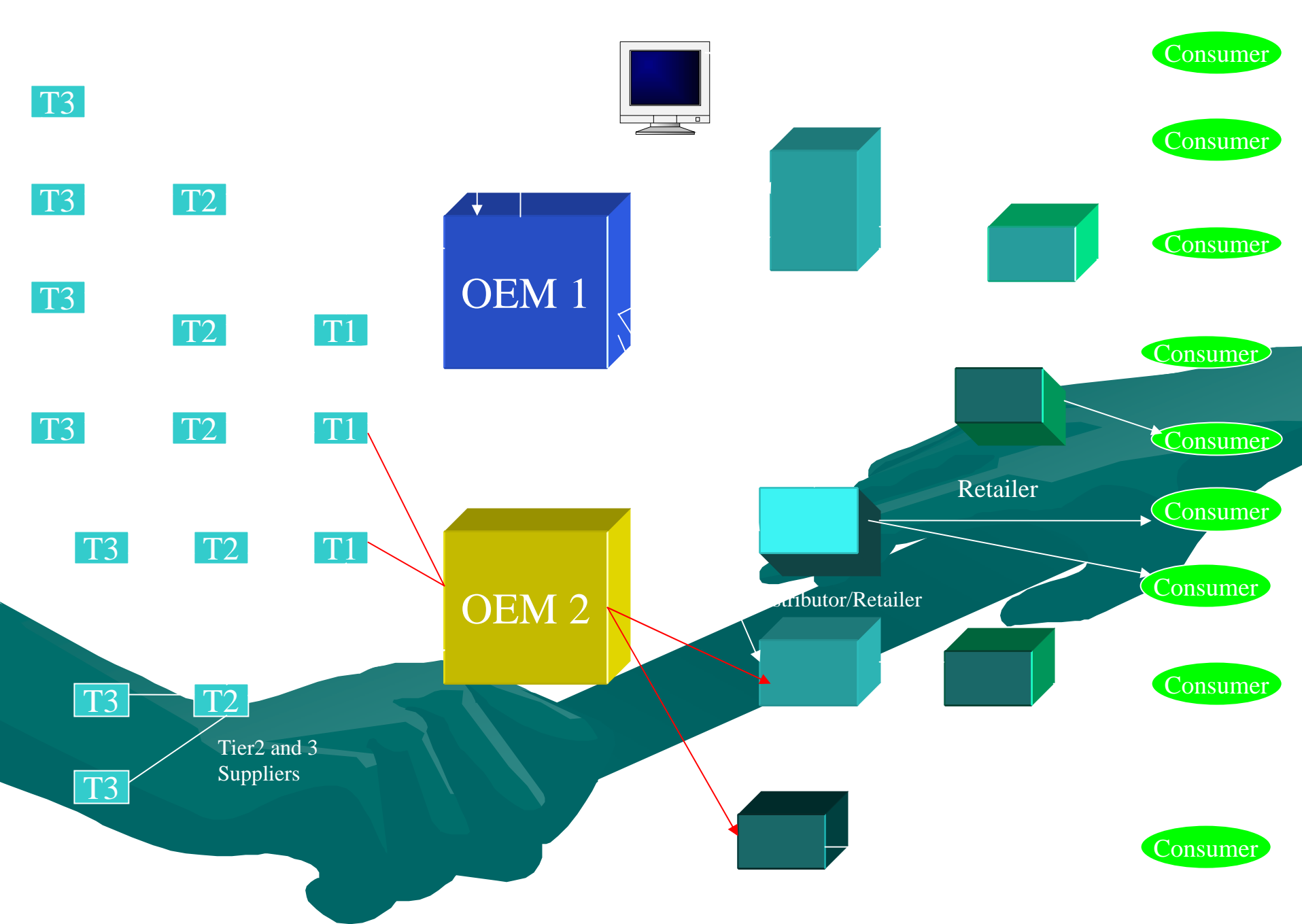
A graphic of two teal hands shaking, symbolizing partnership or agreement. The hands are rendered in a stylized, flat-shaded manner. One hand is on the left, and the other is on the right, with their fingers interlocking in a firm grip.

# 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)

Increase

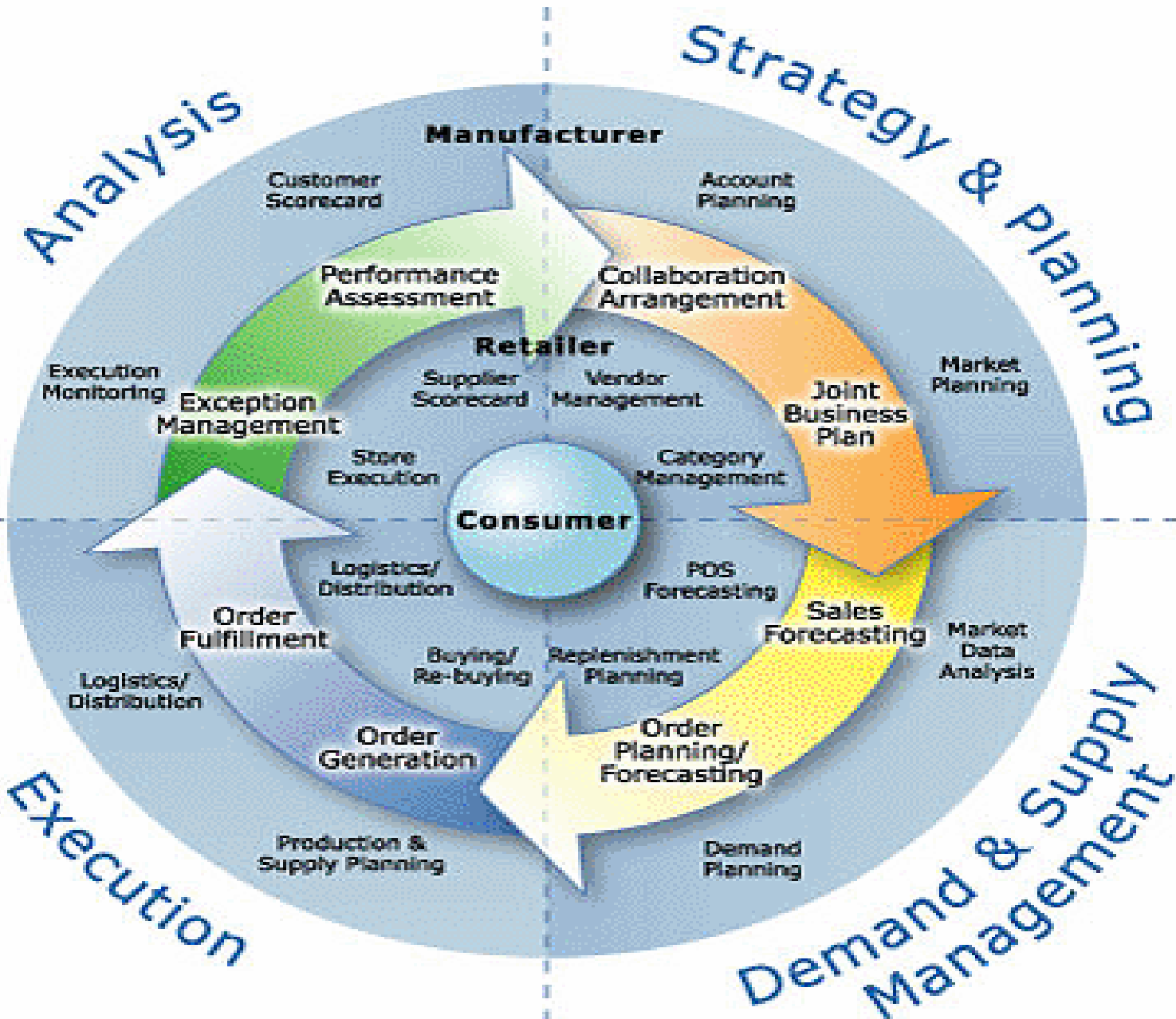
$$\text{Profit} = \text{Revenue} - \text{Cost}$$

Decrease

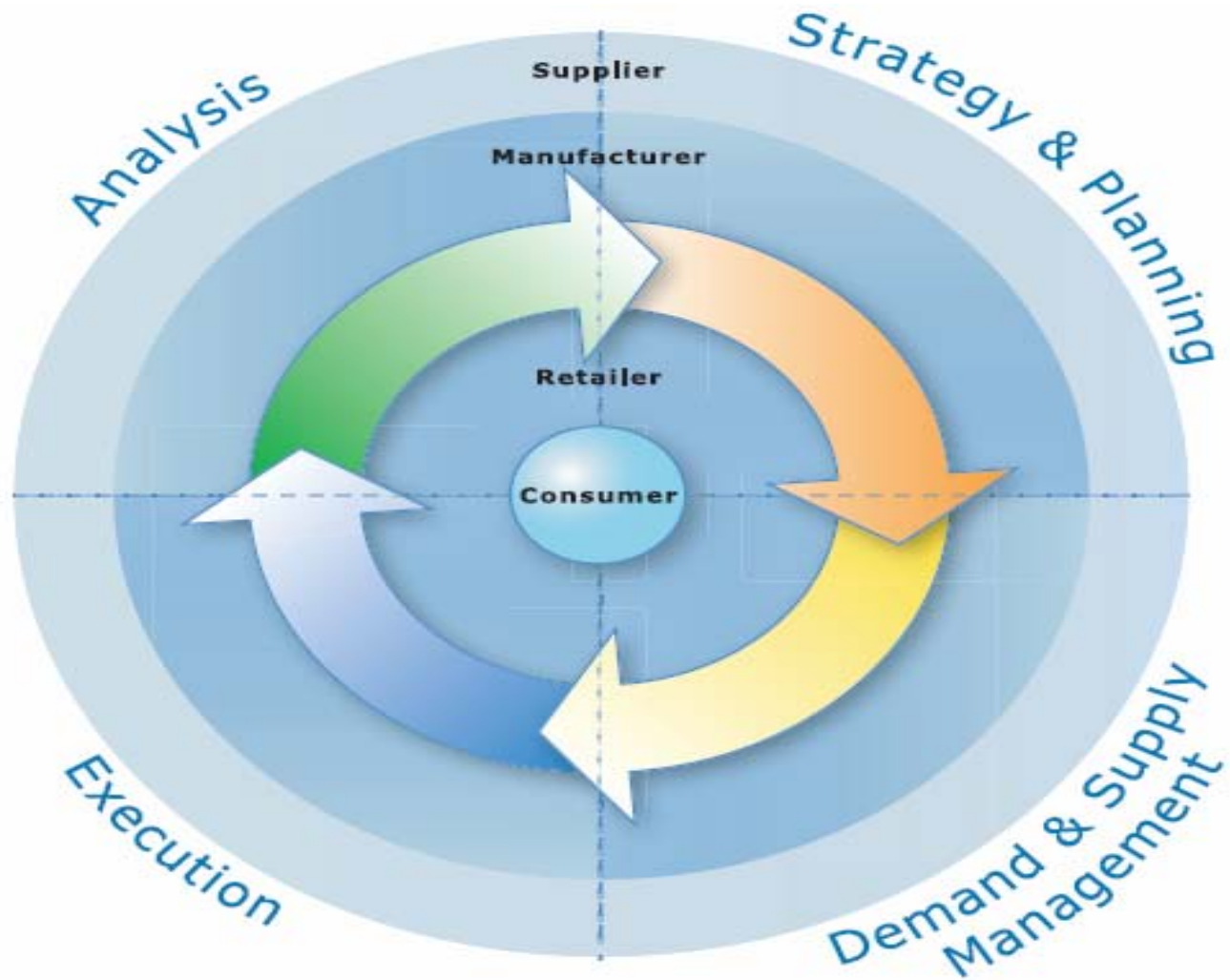
# Upstream Strategies

## B2B

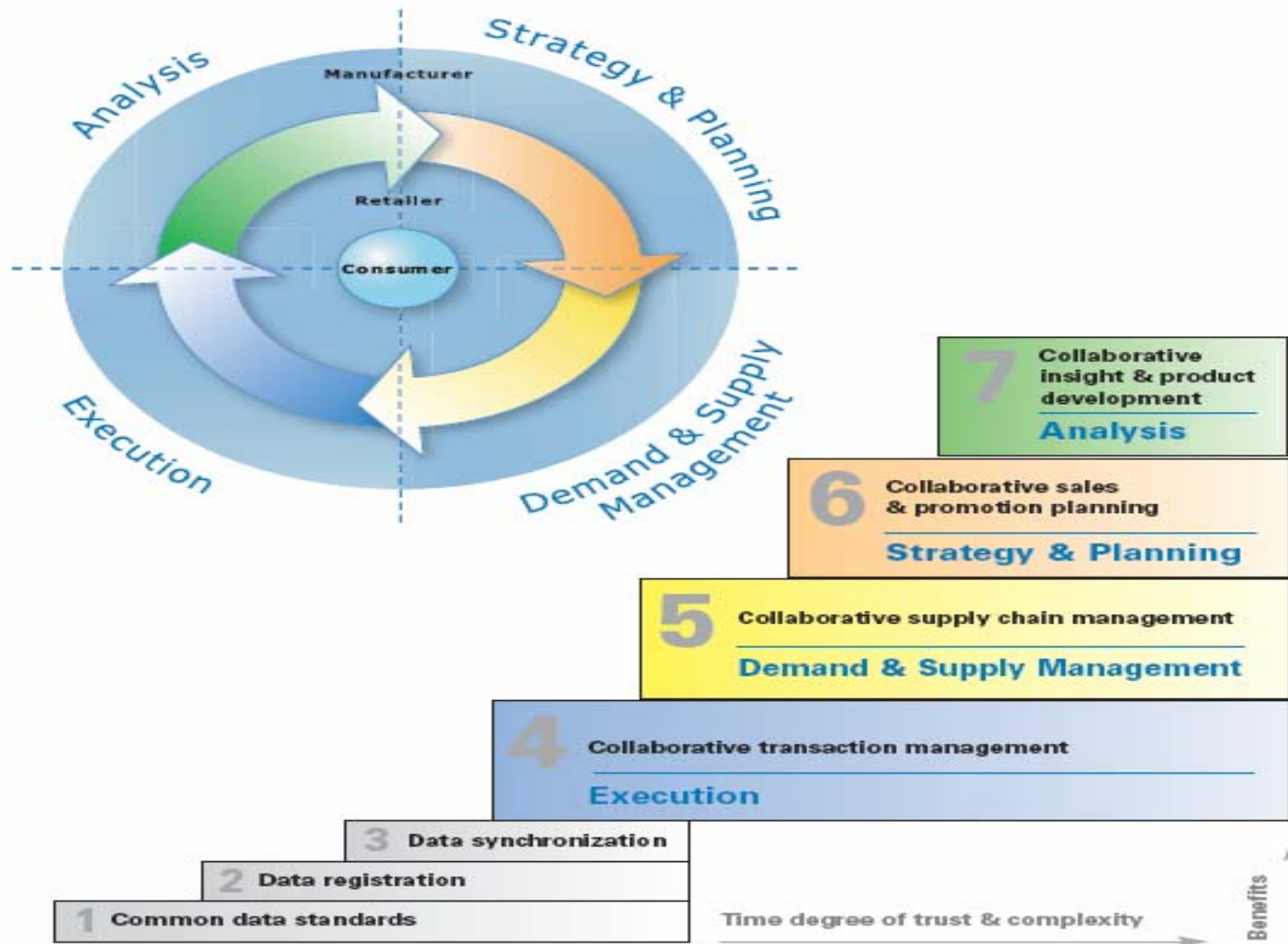
- Suppliers Collaborations
    - Supply Web with Tier 1 and Tier 2
    - CPFR (Collaborative Planning Forecast, Replenishment) by VICS (Voluntary Interindustry Commerce Solutions Association)
  - Practice of Postponement
    - Product Redesign for Manufacturing Processes
    - e.g. Inkjet printers, Ramen (instant noodles).
- 



# n-tier Collaboration



# Positioning CPFR Relative to the FMI/GMA Collaborative Commerce Model





# 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

