Collaborative Commerce

Technology allows allied businesses
to work together
to best meet the demands of the marketplace.

Technology facilitates
Overview

Companies wishing to collaborate with outside companies need
Technology infrastructure

Based on open standards (where they exist)

Internal mode of operating
Ability to handle outsourced or collaborative functions

Dell's Value Web

- CMs/OEMs
- Component suppliers
- Third party HW and SW suppliers
- Logistics companies
- System integrators
- Distributors
- Repair and support companies
- Customer

--- Physical flows, including products and services
--- Information flows
**Typical supply chain problems**

Supply chains can be long, involving many partners in different places. Materials and information must flow among many players. Can be slow and error-prone when done manually.

Pure EC companies likely to have more supply chain problems because

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**Collaborative Commerce**

Viewing members of our supply chain as partners and working with them in a collaborative way.

Using technology to share information—business intelligence—for our good and the improvement of our suppliers or customers.

A manufacturing or sales company is only as good as the products they have to work with.
Elements of Collaborative Commerce

Communicating with suppliers about

In order to enable supplier to

Collaborative Commerce Participants

—our suppliers
—our customers
—departments in our company

which collaborate

Success depends on:
If we don’t collaborate...

- New product development delayed waiting on supplier to provide components.
- Product quality potentially lowered by inadequate products from supplier.
- Logistical problems—can’t get merchandise when needed, where needed.
- Overall reduction in quality of product or service we provide to our end customer.

Example

—coping with erratic order volume.

Retailer A plans a big promotion selling Company Y YoYos.
Retailer A orders 1 million YoYos from Company Y.
Company Y doesn’t have 1 million YoYos in stock, so they can only sell 500,000.
Company Y decides to build a new YoYo factory, seeing all the money upcoming from future sales to Retailer A.
Retailer A’s promotion ends. They don’t need any more YoYos.
Economics of Collaboration

Communicating with suppliers about future purchases allows supplier to

by doing above, reduce their cost of production, allowing them to lower our prices

gain benefit from our knowledge of the market (and we gain from theirs)—knowledge management

Barriers to Collaboration

Technical problems—networking computer systems, providing security, etc.
Concerns about sharing corporate knowledge with suppliers
Lack of willingness to participate in collaboration activities
Examples of Collaboration

CPFR—

Working with upstream or downstream partners to plan orders.

APS—

Working to find optimal solutions to complex manufacturing problems through effective scheduling
Using our manufacturing capabilities to its fullest

Examples of Collaboration

PLM—

Sharing information on new product development ideas, retiring of products, etc.
Managing Collaboration

Connecting disparate computer systems—connectivity, compatibility, security—effectively integrated.

Middleware—systems developed to create a bridge between disparate systems to allow for effective communication.

Important for shared databases or other specialized communications.

Less necessary when collaboration is done using a straight extranet solution.