Chapter XII

E-Business in the Global Automotive Industry: Key Value Propositions

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Abstract

This chapter reviews the components of e-business from a procurement perspective in order to explore the key value propositions of e-business practices in the global automotive industry. It is easy to simply state that a product or service “adds value” to a firm’s operations. It is critical that the value proposition of e-business be analyzed from a rational perspective by any organization competing in the “post-irrational exuberance” era of the digital economy. Using an exploratory case study of the automotive...
industry, the key questions for identifying a true value proposition of e-business are identified, including their e-procurement, e-catalog order processing, e-auction and e-capacity systems. We intend this chapter to be helpful to practitioners, researchers, and students who either are contemplating updating their legacy e-business systems and/or trying to gain insight into the value proposition of these systems. It is undisputed that e-business will bring at least some level of benefit to a vast majority of organizations, regardless of size or industry. We intend this chapter to be valuable for evaluating and implementing a successful e-business strategy, structure, and solution.

Overview of E-Business

Components of E-Business

E-business is the integration by an organization of business processes and e-tools to achieve efficiency and competitive advantage. In addition it combines the horizontal functionality of the organization along with the vertical information systems. It is not only buying, selling, and providing customer relationship management online but also integrating all aspects of the business that include all of the suppliers and customers. It also provides the flexibility to redefine business process.

E-business speeds up business processes, bringing the costs down and adding value to the products and services provided. It replaces the traditional tools of business in order to automate and facilitate pre-sale, sale, and post-sale processes. The main components of e-business are as follows:

Supply chain management (SCM):
To reduce the cost of goods supplied to the end customer, and thereby adding to the value chain of the business, companies have introduced online supply chain management in their organizations. Supply chain management is the interconnection or network of suppliers, distributors, customers, and manufacturers to reduce cost and supply the goods to the customer as early as possible with exact customer specifications. It is the effective and efficient way of using the Web to reduce inventory, manage lead time, reduce costs, and share sales forecasts between all the intermediaries to reduce costs and bottlenecks and sustain competitive advantage in an increasingly competitive global economy.

SCM involves a two-way flow of information as illustrated in Figure 1.
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