



Chapter I

Overview of E-Partnerships: Definitions and Patterns

Introduction: The Impact of Information Technologies on Business Relationships

In the past decade, many significant changes have affected the business environment, including globalization of economies, the fast growth of electronic business, dramatically increased competition in most industries and sectors and rapidly evolving technology innovations. As globalization increasingly permeates the world markets, competition is no longer limited to that between individual businesses, but now exists between the entire supply chain. Equally, the convergence of IT and communication and the advent of the Internet have impacted dramatically on almost every aspect of our lives. Indeed, the Internet and WWW have been seen as the catalyst for radical change in business

activities and business processes. The digital world offers a borderless and **virtual village** where companies are interconnected and interdependent through a network of partnerships and relationships. Companies have responded differently to the opportunity this represents; some use Web sites as a show window (a public relations tool) or build e-business portals which complement an existing brick-and-mortar business, while other Web sites serve as the only physical appearance of an e-business.

Globalization entails multiple flows and exchanges of information, goods and services, and links local and global economic activities through a complex network of processes. It is this connectedness and interdependence through information technologies that drives our business world today. In such a world, collaboration through intelligent e-business networks becomes crucial because it provides the competitive edge that enables all members in the supply chain to prevail and grow (Horvath, 2001).

The Internet has become an inextricable part of globalization. It has changed the way organizations communicate internally and externally, the way they are doing business, the way they are configured and the way they build partnerships. Take, for example, information flow through the supply chain. In the traditional supply chain, order information flows in a sequential way through resellers, wholesalers, distributors, manufacturers, parts suppliers and logistics providers. At each step, data and information are collected, processed and transmitted multiple times, incurring cost and time delays. The Internet changes fundamentally the way information flows in the supply chain. It offers real-time parallel processing of information, instead of sequential processing in the batch mode and provides a natural platform to capture the order, coordinate the activities, track the order status and deliver after-sales service (Lee & Whang, 2002). At the same time, the emergence of e-business and e-marketplaces, which rely on the Internet, has fundamentally changed inter-organizational processes and the nature of relationships, including buyer-supplier relationships. For instance, e-marketplaces require supply chain partners to transition their long-established and trusted business relationships from the physical world to the cyber-world. Powered by Internet technologies, system integration and interoperability between partners become reality. Companies have much more options and wider channels in selecting their partners. As a result, dependence on long-established trading partnerships is inevitably decreasing, and new e-partnerships are easily built and ended in the cyber-world.

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