



## **Chapter II**

# **E-Business Supply Chains and E-Partnerships**

## **Introduction**

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In today's business world, most companies operate within an integrated system, or a network of organizations of upstream suppliers and downstream customers that produce and distribute products and services. It is estimated that about 60% to 70% of today's transactions in any company are completed in the supply chain (Bovel & Martha, 2000). E-partnership in the supply chain is, therefore, the focus of this chapter. This author argues that e-partnership provides a powerful and transformative means for supply chain management to achieve its objectives through extended relationships and enhanced information technologies. The rationale for the argument is that an e-partnering supply chain can lead to greater business opportunities, better integration of suppliers and vendors, better management information, lower operational costs, better market understanding and expanded geographical coverage. Therefore, a

partnership approach to the supply chain provides significant opportunities to maximize bottom line results.

Helping to better understand the broader operational context of e-partnerships, this chapter explores the recent development of the supply chain, specifically, electronic and e-business supply chain and its interfaces with e-partnerships. The chapter presents a broader comprehensive view of the landscape in which e-partnership prevails and the role it plays in the e-business arena.

## **Evolution of Supply Chain Management**

A study of the development of the supply chain concept helps in understanding why e-partnerships are a strategic measure and an integrated part of current and future supply chains. The supply chain is defined as “a network of firms, activities, organizations, and technologies that performs the functions of procurement of material from vendor firms, transformation of this material into intermediate and finished products and the distribution of these finished products to customers” (Boone, Ganeshan, & Stenger, 2002, p. 363). A supply chain often involves suppliers who sell raw materials to subassembly manufacturers who then sell components to final assembly manufacturers who in turn distribute their products “downstream” through wholesalers, distributors, dealers and retailers to the final customers (Warkentin, Bapna, & Sugumaran, 2001). Thus, supply chain partners are usually suppliers, vendors, dealers and distributors in the supply chain, and supply chain partnerships and management have been gaining popularity over the past decade.

The concept of the **supply chain** is evolving with the changes in the industrial and business environments. The traditional vertically integrated supply chain and the traditional one-enterprise supply chain no longer dominate the typical supply chain in today’s networked economy. Instead, they have been replaced with **supply chain networks**, which entail greater product and process variation and quality through collective agility and responsiveness, addressing an increasing demand for individualization of products and services. The **supply chain network** often consists of a number of entities interacting with each other in complex and interconnected ways. Take the automotive industry for example. About 65% of Ford’s automotive manufacturing operations are outsourced to its extended supply chain partners. The interconnected supply

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