

Chapter 11

E–Sourcing Electronic Platforms in Real Business

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ABSTRACT

The authors carried out this research in a specific context within the electronic markets - business-to-business (B2B). The purpose is to assert the major blocks needed to be covered by an e-purchasing tool in order to be successful. Another goal is to identify how this e-purchasing tool allows buyers (firms) to practice Strategic Sourcing. After an enlarged literature review on E-Sourcing Electronic Platforms (ESEP) and e-purchasing markets they defined a methodological framework and construct a case study. Their strategy was to use one case study only. The use of a single case study is addressed and justified. Within their case study the authors took advantage of the data collected in a survey recently conducted by Vortal (Portuguese firm that owns several B2B platforms in different electronic markets). Finally some conclusions are tentatively constructed.

INTRODUCTION

The first electronic markets (EM) originated with the emergence of the Internet and the World Wide Web boom in the beginning of the 90s. EMs can be divided in two main groups: Business-to-Consumer (B2C) and Business-to-Business (B2B). In this research we focus in B2B.

We begin contextualizing B2B EM (E-Economy, E-Business, E-Commerce, Physical and EM, E-Sourcing versus E-Procurement, Strategic Sourcing) and identify some of the main characteristics of ESEP (core building blocks, main buyers and suppliers benefits, E-Government and evolution). We reflected on the physical and virtual value chain model in order to take advantage of the integration of both chains. Then we put forward a methodological framework. In

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a reflective process, we tried to understand two questions: What characteristics should a successful e-purchasing tool have, and how can a successful e-purchasing tool allow firms to practice Strategic Sourcing policies?

After we build up one Case Study based on the Civil Construction Sector platform (ECON-STROI – www.econstroj.com), a platform owned and managed by Vortal S.A. We used and reflected on the data of a survey conducted by Vortal S.A. in October 2008 addressing more than fifty buyer firms.

Finally we draw some conclusions and outline some recommendations.

BACKGROUND

Etymologies and Markets

E-Economy

Beginning in 1993 the Internet evolved into a service integrated global network with a diversity of multimedia uses. Negroponte in his early texts on *Wired*, some of them later compiled in a book (Negroponte, 1995), explored the E-economy metaphor as being a shifting from processing atoms to processing bits. This text and others of the same time stressed the fact that the main attribute of this E-Economy is immateriality. However this New Economy is characterized by three distinctive but important factors beyond immateriality: it is global; it favors intangible things - ideas, information, knowledge, relationships; and It is deeply inter-linked (Kelly, 1998).

E-Business

E-business refers to a broader view of E-Commerce, not just the buying and selling of goods and services, but also servicing customers, cooperation with business partners, and conducting electronic transactions within the organization (Turban, et al.,

2002). The key concept in E-Economy is system dynamics, while in E-Business is the activity and in E-Commerce is the transaction.

An interesting example of the differences between E-Commerce and E-Business is addressed by Gottschalk (2006). The example is on handling customer complaints. As long as customers do not complain E-Commerce may be sufficient for electronic transactions with customers. The front end of the business is electronic and this front end is the only contact customers have with the business. However, if a customer complains, then other parts of the business need to get involved.

E-Commerce

According to Timmers (1999) E-Commerce reasons of growing are:

- Low entry cost compared to other solutions such as EDI. With low entry cost, a fast return on investment is possible;
- A promise of protecting the investment. Whereas EDI-based systems have a tendency to be specific to the trading or supply-chain relationship, Web-based systems interoperate among suppliers;
- Connectivity and communication meeting information needs;
- If a critical mass is already built and increasing this attracts even more users and providers of the technology and of business solutions (social network effect);
- Technology-driven 'virtuous innovation cycle' with constant opportunity creation as a consequence of the very rapid progress of electronic commerce technologies.

E-Commerce is usually divided in several categories. The classification of these categories is based on the nature of the transactions (who is selling to whom). The two more widely used categories of E-commerce are:

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