eCommerce Business Models

- eCommerce Business involves transactions between a Seller and a Buyer
  - The space of all Buyers and Sellers can be divided into 2 groups: Businesses (B) and Consumers (C), thus the combinatorials:
    - Business to Consumer (B2C): Amazon
    - Business to Business (B2B) e.g. Cisco, Level 3 (LVLT), Citrix (GoToMeeting.com); truck LoadMatching
    - Consumer 2 Business (C2B) e.g. Elance (consumers post capabilities, Business engage them)
    - Consumer 2 Consumer (C2C) e.g. eBay; StubHub;
Key Elements of a Business Model

• **Value proposition:** Why should a buyer buy from you
• **Revenue model:** How will you earn $$$$$$$
• **Market opportunity:** What marketplace do you intend to serve
• **Competitive Environment:** Who else does this
• **Competitive advantage:** Why are you better
• **Market strategy:** How will you promote
• **Organizational development:** What organizational structure (functional organization; product organization)
• **Management team:** What kinds of experiences and backgrounds do you need
eCommerce Revenue Streams

• Sales of Products & Services
• Sponsorships (catalogues, product information, sponsorships)
• Advertising (coupons, banners, pop-ups)
• Demographic Data (User data, (Google) )
• Exit Strategy (VC’s focus: $$$ at exit, rather than ₩ along the way!! )
B2C Models

• Portals
• E-Tailers
• Content providers (offer photos, artwork, music)
• Transaction brokers (financial services)
• Market creators (parts of eBay)
• Community Providers (Facebook, iVillage)
B2B Models

• Network Market Places
  – eDistributor (Partstore.com  Gainger.com)
  – eProcurement (Ariba)
  – Exchanges (Farms.com)
  – Industry Consortia (Elemica)

• Private Industrial Networks
  – Single Firm (Walmart, P&G, etc. ) Company owned networks to coordinate supply chains with limited partners
  – Industry –wide (Agentics) set standards, coordinate supply and logistics for the industry
C2C Models

- C2C (eBay, Half.com) link individual seller and buyer
- Peer to Peer (P2P) (Kazaa) C2C File sharing
- mCommerce or nCommerce (smartPhone Apps)
eCommerce Enablers

sell the pans and shovels in the gold rush

- Hardware (IBM, HP, Apple)
- Software (Msft, Apache, Redhat, Google)
- Networking Routes (Cisco)
- Security (VeriSign, Check Point)
- eCommerce software systems (IBM, Msft, Ariba)
- Streaming, Rich Media (real networks Apple)
- Customer relationship Management (Oracle, SAP)
- Payment Systems (VeriSign, PayPal)
- Performance enhancement (Akamai, Kontiki)
- Databases (Oracle, Msft)
- Hosting Service (Interland, IBM)
- Mapping, Location (Google, ALK)
- Advertising Aggregators (Addmarketplace)