Collaborative Commerce

Collaborative commerce (C-commerce) describes the selective and project based cooperation between partners along the supply chain. The term Collaborative business (C-business) is often used for Collaborative commerce.[1]

<note important>The Gartner Group used the term Collaborative commerce firstly.

"A new model for business applications is unfolding, driven by exploding business demands and opportunities (…) and enabled by Internet, component and integration technologies. The model, which we call Collaborative commerce (C-commerce), achieves dynamic collaboration among employees, business partners and customers throughout a trading community or market. In C-commerce, enterprises harness the full power of the Internet to gain revenue and profit improvement by going beyond rigid supply chain models and simple information sharing."[2][3]</note>

In accordance to the above, C-commerce is seen as an advance tool [4] which combines e-commerce, knowledge management and supply chain management. The partnership will provide an additional value for each participant out of this cooperation, e.g. extension of the company's knowledge.[5] These partnerships should develop long-term cooperations instead of e-commerce which normally is defined by a short-term basis. The participants of such a group must be able to share important information regarding the project or process but must as well be able to protect sensitive information from other participants in the virtual enterprise.[6] In contrary to supply chain management which is an integrated attempt along the whole supply chain, C-commerce partnerships are cooperations at interfaces between different partners along the supply chain.[7] Therefore, a IT systems which allows a dynamic exchange of data is essential.[8]

Requirements for Collaborative commerce

Each company who decides to participate at any partnership has to meet some requirements within the organization.[9]

- IT-Systems need to be adjusted easily at new process requirements; adaption of ERP systems and C-commerce applications
- IT-Systems should be easily integrated in partner systems
- Knowledge of employees, willingness for cooperation in- and externally
- Definition of adequate KPIs for measuring the improvements of C-commerce

Examples for collaborative scenarios

Collaborative commerce can be used at different interfaces at the supply chain. The following list is not complete and shows solely some examples for C-commerce scenarios.[10][11]

- Collaborative sales and procurement planning
- Collaborative promotion and event planning
- Collaborative transport planning
- Collaborative planning, forecasting and replenishment

- Collaborative engineering
- Collaborative design

Advantages, potentials, disadvantages and obstacles

C-commerce offers enormous advantages but also some disadvantages which are listed in the following. [12][13]

Advantages and potentials

- Optimization of processes of each participant, improving of process transparency
- Encouraging innovations
- Reduced time-to-market
- Risk sharing by technology implementation (costs of new technology)
- Increase customer satisfaction by including customer wishes in the development process (long term)
- Concentration on core competencies
- Reduction of inventory by announcing the actual demand situation to partners
- Cost advantages

Disadvantages and obstacles

- Cost intensive, especially for for SME (small and medium sized enterprises)
- Lack of IT integration
- Transfer of know-how
- Reducing of competition may reduce innovations
- Dependancy from partners
- Personal relationship (e.g. telephone call) is still important

Evaluation and result

The result of Collaborative commerce is an improvement of the processes along the supply chain and should lead to a higher customer satisfaction by offering enhance services to the customers which are more and more demanded by the latter. Furthermore, C-commerce provides competitive advantages for the company and its partners by a higher innovation rate, faster time-to-market and reduced inventory stock based on actual customer demand. In summary, C-commerce improves the competitiveness of the enterprise and the partners.

Before successfully installing C-commerce a company has to ensure that all requirements e.g. IT systems, flexibility of organization, knowledge of employees are achieved.

— *Ramona Kehm* *2012/05/09 13:12*

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[3)]

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