

**The Ohio State University
The Max M. Fisher College of Business
Department of Accounting and Management Information Systems**

AMIS 658 — Electronic Commerce

Spring Quarter 2009

Contact Information

Instructor: Prof. Waleed A. Muhanna ([muhanha.1 @ osu.edu](mailto:muhanha.1@osu.edu))
Phone: 292-3808; Fax: 292-2118
Office: 420 Fisher Hall
Office Hours: MW 1:00-2:00, and by appointment.

Course Materials

1. Required:
 - A packet of [cases](#) available for purchase at [UniPrint](#) at Tuttle Park Place.
 - A [set of articles](#), assignments, handouts, lecture notes, and supporting documents which will be distributed in class or made available through the course homepage at:
<http://fisher.osu.edu/~wmuhanna/amis658.html>
2. Suggested (optional) books:
 - Laudon, K. C., and C. G. Traver, [E-commerce: Business, Technology, Society](#), 5/E, Addison-Wesley, 2008.
 - Shapiro, C., and Hal R. Varian, [Information Rules: A Strategic Guide to the Network Economy](#), 1999.
 - Tapscott, D., and A. D. Williams, [Wikinomics: How Mass Collaboration Changes Everything](#), 2006.

Course Overview

In a very short period of time, the web has emerged as a viable commercial medium, forcing significant changes upon industry. Despite the dot.com shakeout of 2000, the e-business revolution is only beginning and the new digital economy is here to stay. The frenzy of new startups may be over, but new dot.coms continue to be formed and there many spectacular success stories. Further, there is no question that the Internet has had and continues to have a significant impact upon markets and business organizations. The excitement surrounding this technology is creating both increased opportunity as well as anxiety for business leaders as they

struggle to learn about, adapt and harness the most significant information medium of the 21st century.

AMIS 658 lies at the intersection of web technology and business. The purpose of the course is to provide you with an understanding of this new medium for commerce and its potential impact on firms, markets, and industries. To gain a foundation, we will first review the evolution of the electronic commerce phenomenon, focusing on the important enabling technologies that are fueling its explosive growth. We will then examine the progress and potential impact of the web and related technologies, on the creation and transformation of goods, and on organizations, industries, and markets in general. We will study emerging business models and the economics of the Internet, provide a critical evaluation of EC strategies, and examine current trends and applications to see how the new medium is reshaping businesses, the information systems that run them, and the industries in which they compete. Concepts drawn from economics (e.g., information asymmetries, efficient markets, transaction costs, switching costs, network effects, adverse selection) will be introduced and used to understand those impacts. To recognize how businesses can successfully leverage these technologies, we will therefore go beyond the technology itself and investigate some key questions. For instance:

- What is fundamentally different about the Internet as a vehicle for commerce?
- How will the demise of geography as a constraint affect markets, industries, and firm strategies?
- Which industries are threatened the most by the growing infrastructure for EC?
- How will increased transparency affect the balance of power between consumers and producers? Does the Internet make industries more competitive?
- How will "friction-free" markets affect the pricing and positioning of products and services?
- What are disintermediation and cybermediation and how does one thrive on or survive this emerging force?
- What factors facilitate/inhibit disintermediation and commerce on the Internet?
- How does Internet marketing differ from traditional marketing?
- What are the key success factors for doing business online? Where did the business models of early Internet companies fail?
- What type of channel conflict can arise on the Internet and how is it solved?
- What are the key elements of a good internet strategy?

Course Objectives

The goal of this course is to provide you with an understanding of both technical and managerial issues as well as strategic implications of electronic commerce. Upon completion of the course, students should be able to:

1. understand key enabling technologies and become an effective participant in Internet-enabled business endeavors and initiatives;
2. recognize ways of leveraging the net to improve intra and inter-organizational processes and enhance a firm's competitive position; and

- gain skills for building careers and taking advantage of entrepreneurial opportunities in the electronic commerce era.

Course Approach

The course will be taught through a combination of lectures, cases, in-class discussions, guest lectures (when schedules permit), group projects, and multimedia screenings. Lectures will focus on providing frameworks for analyzing and recognizing business opportunities and issues resulting from the application of electronic commerce technologies.

The course will involve a significant amount of reading. Electronic commerce is a dynamic and fast growing area, and in keeping with the course's focus, many additional reading assignments will be derived from online sources.

Assignments and Other Requirements

In addition to the reading requirements from materials available on-line, students will complete six case assignments, a mid-term examination, and a term project. There is also the possibility of a couple of quizzes. The six case-analysis reports and the term project will be team-based, with each team consisting of three to five individuals. Grades will be assigned as follows. (Final grades will be determined based on overall class performance.)

Case Analysis Reports	35%
Midterm + quizzes	35%
Term Paper/Project	20%
Participation	10%

Cases

The learning purpose of the group case assignments is to reinforce the material covered and to give you an opportunity to (a) apply conceptual frameworks from readings and lectures and (b) think about and deal with relevant “real-world” managerial issues and decisions similar to those you might encounter in your working life. The assumption is that individuals will learn more by collectively thinking about a problem, sharing knowledge, and actively collaborating with others. Each student, however, must be sure she/he understands (and is prepared to discuss in class) what his/her group turns in. For each case assignment, I will provide a series of questions on which the discussion and your written analysis report will focus. In preparing your team report you are to draw on the frameworks and readings assigned and/or discussed in class and try to bring insights to bear on the facts of the case. Reports are to be handed in on or before the class period of the due date. No late submission is accepted.

Midterm

The purpose of the exam is to assess your (a) command of the concepts and principles discussed during the first half of the quarter; and (b) your ability to integrate and generalize these concepts and principles and apply them to new situations. The exam covers both the lectures and

the reading assignments, and it will primarily consist of a series of short essay questions and possibly a short case. The exam must be taken at its scheduled time; make up exams will only be given for truly special and compelling cases, in accordance with University guidelines.

Term Project/Paper

The objective of the term paper/project is to provide students with the opportunity to accomplish one of two things: (a) conduct an in-depth study of a topic or an issue related to electronic commerce, particularly one not covered during the course; or (b) propose a new business on the Internet or an extension of the presence of an existing business onto the web. Results are to be reported orally and in writing at the end of the term.

Teams choosing the research paper route are free to choose any technology, business or policy issue related to electronic commerce for the topic. In-depth examinations of the potential impact of the emerging infrastructure for EC on specific industries (e.g., banking, insurance, newspapers, real estate, music, etc) are encouraged. Teams choosing the project route will need to develop a proposal for the new .com venture (i.e., an Internet business plan). Details can be found online.

Attendance and Participation

Ten percent of the final grade will be based on your class attendance and active participation, elements that are crucial to the success of class meetings. Attendance refers to punctual attendance. Unless explicitly permitted to do otherwise, students are expected to show up on time, attend the section they are assigned to, and stay for the duration of the class. Having people come in late during class or leave early can be very disruptive.

Your fellow students and I will expect you to come fully prepared to answer questions and discuss the assigned readings. Each individual is expected to actively and constructively contribute to in-class and online discussions. Good contributions transcend assigned readings and are inspired, timely, analytical, and relevant to the topics discussed. Students can also earn participation credit by drawing attention to information and resources dealing with important developments in the area of electronic commerce. Your class participation grade will reflect my judgment of the quality and quantity of your contributions during the entire quarter.

Feedback and Continuous Improvement

Students are strongly encouraged to visit with me in my office and/or use e-mail to ask questions, to share suggestions about any aspect of the course, or to clear up possible points of confusion. I will use your feedback to continuously improve and fine-tune the coverage levels and the teaching/learning processes. Please note that I may not always be able to make all of the changes suggested, but I will do my best to accommodate your suggestions.

General Course Schedule

The following schedule gives the general plan for the course; deviations may be necessary. Alterations and possible additional reading assignments will be posted to the course home page at least one week in advance. The course web site gives the dynamic picture and is an

integral part of the class; please make sure to check it on a regular basis. (The cases are included in the case packet. The reading assignments are all available online in electronic form.)

Class Topic	Main Reading Assignments
Session 1 (3/30)	
Course Introduction	<ol style="list-style-type: none"> 1. Friedman, It's a Flat World, After All 2. Bakos, The Emerging Role of E-Marketplace 3. O'Reilly, What Is Web 2.0?
Session 2 (4/1)	
Internet Business Models	<ol style="list-style-type: none"> 1. Rappa, Internet Business Models 2. Kaplan & Sawhney, B2B Hubs
Enabling Technology & Infrastructure	
Session 3 (4/6)	
Tech I: Network Infrastructure for E-Commerce	<ol style="list-style-type: none"> 1. HP: reference materials on the web
Session 4 (4/8)	
Tech II: WWW Technologies	<ol style="list-style-type: none"> 1. HP: reference materials on the web 2. <i>Dell Online Case</i>
Session 5 (4/13)	
Tech III: Security and Trust Online	<ol style="list-style-type: none"> 1. HP: reference materials on the web 2. Muhanna and Wolf, Adverse Selection and Reputation Systems in Online Auctions
Session 6 (4/15)	
Tech IV: Electronic Payment Systems	<ol style="list-style-type: none"> 1. HP: reference materials on the web 2. <i>Monster.com and ebay.com Cases</i>
Business Issues	
Session 7 (4/20)	
B2C Commerce I - Online Retailing	<ol style="list-style-type: none"> 1. Alba et al., Interactive Home Shopping 2. Brynjolfsson et al., From Niches to Riches: Anatomy of the Long Tail 3. HP: other related on the web
Session 8 (4/22)	
B2C Commerce II - Online Auctions - M-commerce	<ol style="list-style-type: none"> 1. <i>B&K Distributors Case</i> 2. HP: related articles on Network effects 3. Rao & Minakakis, Location-based Services
Session 9 (4/27)	

Marketing and Advertising on The net	1. HP: related articles
Session 10 (4/29)	
Online Portals and Communities	1. HP: related articles 2. <i>Yahoo! And Google Cases</i> 3. <i>project proposal due</i>
Session 11 (5/4)	
<u>Mid-Term Exam</u>	
Session 12 (5/6)	
Search Costs and Webonomics	1. Smith et al., Understanding Digital Markets 2. Campbell, Ray and Muhanna, Search and Collusion in Electronic Markets
Session 13&14 (5/11-5/13)	
Transaction Cost Economics Electronic Markets vs. Hierarchies	1. Malone et al., Electronic Markets and Hierarchies 2. Muhanna & Wolf, Impact of E-commerce on the Real Estate Industry
Session 15 (5/18)	
Disintermediation and Cybermediation	1. Sarkar et al., Cybermediaries 2. Gallaughier, E-Commerce and the Undulating Distribution Channel 3. <i>AutobyTel.com Case</i>
Session 16 (5/20)	
Business Strategy on the Net	1. Porter, Strategy and the Internet 2. Evans & Wurster, Strategy and the New Economics of Information
Session 17 (5/25)	
Memorial Day - no classes	
Sessions 18 (5/27)	
Business Strategy on the Net	1. Lee et al., Coping with Internet channel conflict 2. Eisenmann et al, Strategies for Two-Sided Markets 3. <i>Brightcove.com Case</i>
Sessions 19 (6/1)	
Strategy for Digital Goods	1. Shapiro & Varian, Versioning 2. Zhu & MacQuarrie, Bundling
Session 20 (6/3)	
Project Presentations	