

CHAPTER I

INTRODUCTION

1.1 Background

CV. XYZ is a wholesaler and retailer for school needs with coverage area in South Sulawesi. The company has so many product lines. Any product related with school needs and its administration will be part of its offering. Although CV. XYZ already have more than 20 years of experience in the business, but still the company does not achieve expected profits. Inefficiencies happened almost in every business units, from marketing, operational, financial till human capital. Since the company operates in traditional way, most business activities hard to be audited. Documents are everywhere, and very difficult to trace. Insufficient Standard Operating Procedures (SOP), bad inventory and logistic management, lack of financial records plus late response to customer orders and complaints are making things even worse!

CEO of the company stated that they need to have an Information System in place to reduce inefficiencies and to survive in this competitive business. The business must transform to e-business, since he realized that IT utilization would help providing information across all functional levels and improving performance by automating manual tasks. However, E-business is not simply the creation of a Web site or the incorporation of other information and communication technologies. E-business involves a shift away from a management-centric, business processes focus to a customer-centric, relationships focus.

E-Business is a strategic shift in the way that business is conducted. One should be careful to have the decision about it. Thus, it should be treated as another business decision that involves investment measurement or ROI (Return on Investment). E-business readiness should be also taking into account to figure out the right e-business solution for CV.XYZ that worth for its business.

There are preliminary steps before utilizing Information System within a company to run e-business. And as of any other business decision, e-business pre-implementation phase is very critical since there would be a long-term investment decision to be made, which is not cheap.

1.2 Problems Definition

Problem definitions in this thesis are:

- Can we turn CV.XYZ to be e-business immediately?
- What would be appropriate business strategies for CV. XYZ to enable e-business and survive within retail education?
- What sort of initiatives to be conducted by CV.XYZ to move towards e-business?
- When would be the payback time?
- What changes in organization structure, business process and required skills that could potentially result from this exercise?

1.3 Research Objectives

Main objectives of this thesis are:

- Developing new business strategies based on situational analysis
- Formulating IT/IS initiatives that could assist CV.XYZ moving towards e-Business.
- To assist CV. XYZ in making decision for initial IS investments, by conducting economic and non-economic analysis about them.

1.4 Scope of Research

- This thesis only focus on analysis phase of e-business implementation, that acquire necessary information which can help the management of CV.XYZ to decide what particular solution concept to implement
- Information gathering may lead to “NO” decision. The decision fully depends on CV.XYZ business policy
- Research also focusing only on impacts that could happen by implementing the e-business solution. There will be no performance measurement or performance comparisons regarding new changes.

