

# Chapter 1

## Fundamentals of Collaborative Business

*The significant problems we face cannot be solved at the same level of thinking we were at when we created them.*

Albert Einstein (1879–1955)

### CHAPTER KEY POINTS

- Argues for the significant need to understand and approach for collaboration amongst businesses in the technologically connected 21<sup>st</sup> century
- Discusses the competitive advantage when a business embarks on the collaborative approach
- Introduces the concept of collaborative business processes that are carried out electronically across multiple organizations that may be spread globally
- Discusses how business has utilized and continues to use the web technology by incrementally increasing its value in business as well as handling its complexity
- Discusses the current collaborative approach between businesses and proposes a new electronic collaborative model for multiple businesses spread globally.
- Discusses the challenges to business arising out of electronic collaboration.

DOI: 10.4018/978-1-60566-689-1.ch001

### **BUSINESS IN THE 21<sup>ST</sup> CENTURY**

The modern business age is about astute collaboration. This is so because the nature of competition amongst businesses has changed significantly. The core change has resulted from the advances of electronic communications. The ability of businesses to execute their business processes independent of geographical or technological boundaries has brought about an utterly different type of business eco-system. The new business model mandates the business to look around, observe its associated businesses, establish alliances with them and provide unified solutions to its customers in a way that encapsulated the underlying ‘mix’ of complexities and combinations of services and products desired by the customer. Thus, in a way, competition has transcended itself and businesses have started associating with each other at a different level, with changed scope and global standards. The discussion on collaboration in this book is to understand the way in which it is affecting businesses and what is required of the businesses in order to handle collaboration without giving up competition completely. Collaboration allows you to work with your business partners and, at the same time, compete in the market for customer’s attention and share of their business. With the advances in information and communications technologies, the business community is encouraged to consider many different and innovative business models that bring together a judicious combination of collaboration and competition. These emerging innovative business models take a number of different forms that result in globalized businesses, mergers and alliances across countries, differentiation of products and services, electronic business-to-business relationships, revised economic models with value added focus, changes to productivity processes, customer demands and fulfillment, legal rules and regulations that apply often vary depending on the market and so on. Electronic collaboration (e-collaboration), powered by web-enabled applications and electronic technologies, is thus rapidly expanding into the day to day workings of many organizations - linking individuals and systems towards achieving better information sharing, real-time interactive communication and seamless collaboration. For example, a group of individuals with access to electronically enabled collaborative systems can instantly form a virtual team on a complex project, or be part of a virtual organization or a virtual community with common interests but scant physical access. Electronic collaboration can also become technically very complex, with its virtual net encompassing various organizations, allowing for real-time information exchange to pass through a dynamically formed cluster of organizations supporting and achieving a mutually complimentary business objective – leading to what we are calling here as collaborative commerce.

The significant impact of the need for collaboration on businesses brings about substantial changes to the way in which business operates. Earlier, during the re-

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