E-Business management and strategy

Lecturer 1

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- **Electronic business (E-business)** can be defined as the use of the Internet to network and empower business processes, electronic commerce, organizational communication, and collaboration within a company and with its customers, suppliers, and other stakeholders. E-businesses utilize the Internet, intranets, extranets and other networks to support their commercial processes.

- **Electronic commerce (e-commerce)** is the buying and selling, marketing and servicing of products and services via computer networks. Since e-business includes the process of transacting with suppliers and customers there is an overlap in activities with e-commerce.

Introduction

- Although the terms 'e-business' and 'e-commerce' are often used synonymously, the distinction between them lies in the broader range of processes in e-business that incorporate internal transactions within an organization. These include transactions relating to procurement, logistics, supply chain management, payments, stock control, and order tracking. As Chaffey (2004) notes, e-commerce can best be conceived as a subset of e-business. Where the two concepts overlap is in the buying and selling of products and services.

Introduction *cont.*

E-business	E-commerce
←—————→	
Buying and selling electronically	Sell-side e-commerce
Electronic procurement	Buy-side e-commerce
Electronic distribution	
Online customer service	
Electronic marketing	
Secure transactions	
Automation of processes	
Electronic collaboration	

Figure 1.1 The relationship between e-business and e-commerce

Introduction

- **Buy-side e-commerce** refers to electronic transactions between a purchasing **organization** and **its suppliers**.

- **sell-side e-commerce** refers to electronic transactions between a **supplier organization** and its **customers**. Figure 1.1 illustrates the relationship between **e-business** and **e-commerce**.

Types of E-Bu

- E-business varies in scope and type of activities undertaken. The entire supply chain of many industries has been radically transformed by the development of the internet and related technologies. Some organizations specialize in business-to-business (B2B) activities by providing e-business services across the supply chain or in parts of the supply chain such as e-procurement, logistics, stock control, ordering, payments and distribution.

- E-Business also includes the organization of collaboration platforms that allows different organizations to share information and knowledge for mutual benefit, i.e. the organization of e-marketplaces that bring organizations together for buying and selling products and services or providing an online business support service.

Types of E-Bu

- The most high-profile types of e-business involve those that sell products or services to customers. The business-to-consumer (B2C) sector has attracted the highest number of entrants as well as some of the most successful e-business ventures such as Amazon.com, e-Bay and Friends Reunited. The latter two also incorporate a consumer-to- consumer (C2C) element to their service by bringing consumers together for specific purposes.

Types of E-Bu

- Most organizations now have a website that is used for promoting the activities of the business or marketing their products and services. More and more traditional firms are creating their own e-business and e-commerce websites to offer an additional sales channel for their customers (Tesco.com, marksandspencer.com).

Types of E-Bu

- There is a large industry sector that supports e-business, including Internet Service Providers (ISPs) such as Yahoo!, Google and AOL. These organizations run a number of services including internet access and search engines and have built up enormous databases of websites that form the basis of their search engine. Organizations who want to have their websites on the search engine pay an amount relative to the prominence on the list. Other organizations specialize in providing applications software for facilitating e-business or sell hardware such as computers and modems (Dell, Compaq, IBM).

Types of E-Bu

- There are many thousands of businesses that specialize in maintaining and supporting e-businesses, including computer analysts, IT specialists, software consultants, applications consultants, computer trainers, security consultants and so on. The development and maintenance of the network infrastructure is a vital industry for ensuring high quality access to internet services and includes some of the world's biggest and most complex organizations such as BT and Cisco.