

# Electronic Business

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**Abstract-** Electronic Business or e-business is a term which can be used for any kind of business or commercial transaction that includes sharing information across the internet. **Commerce** constitutes the exchange of products and services between businesses, groups and individuals and can be seen as one of the essential activities of any business. Electronic commerce focuses on the use of information and communication technology to enable the external activities and relationships of the business with individuals, groups and other businesses or e business refers to business with help of **internet**. The goal of this paper is to introduce meaning of electronic business and deferent between electronic and commerce business

**Index Terms-** internet, commerce business, economy, information

## I. INTRODUCTION

**I**N the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs. With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. The name of the game is strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment. With its effect of leveling the playing field, e-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses. On another plane, developing countries are given increased access to the global marketplace, where they compete with and complement the more developed economies. Most, if not all, developing countries are already participating in e-commerce, either as sellers or buyers. However, to facilitate e-commerce growth in these countries, the relatively underdeveloped information infrastructure must be improved.

## II. DEFINING OF E-BUSINESS AND E COMMERCE

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. 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 incorporates internal transactions within an organization. These include transactions relating to procurement, logistics, supply chain management, payments, stock control and order tracking. E-commerce can best be conceived as a subset of e-business.<sup>1</sup> Where the two concepts overlap is in the buying and selling of products and services. Buy-side e-commerce refers to electronic transactions between a purchasing organization and its suppliers and sell-side e-commerce refers to electronic transactions between a supplier organization and its customers. Tab 1 illustrates the relationship between e-business and e-commerce.

**Tab 1. The relationship between e-business and e-commerce**

Electronic business	Electronic commerce
Buying and selling electronically	Sell-side e-commerce
Sell-side e-commerce	Buy-side e-commerce
Electronic distribution	
Online customer service	
Electronic marketing	
Secure transactions	
Automation of processes	

<sup>1</sup>Brian. S, YesSong, J., (2001) “iSeries e-business Handbook “pp5-6.

Electronic collaboration	
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Source e-business book

### III. IS E-COMMERCE THE SAME AS E-BUSINESS?

While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology (ICT) is used in inter-business or inter-organizational transactions (transactions between and among firms/organizations) and in business-to-consumer transactions (transactions between firms/organizations and individuals). In e-business, on the other hand, ICT is used to enhance one's business. It includes any process that a business organization (either a for-profit, governmental or non-profit entity) conducts over a computer-mediated network. A more comprehensive definition of e-business is: "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy."<sup>2</sup>

### IV. THREE PRIMARY PROCESSES ARE ENHANCED IN E-BUSINESS

1. Production processes, which include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes, among others. 2. Customer-focused processes, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support, among others; 3. Internal management processes, which include employee services, training, internal information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity. Workgroup communications and electronic publishing of internal business information are likewise made more efficient.<sup>3</sup>

### V. THE GROWTH OF E-BUSINESS

The most significant factor that transformed the internet into a global communications phenomenon was the development of the World Wide Web (WWW) in the early 1990s. This extended the functionality of the internet by introducing hypertext that linked documents held on the internet servers. This facilitated access to particular parts of documents or even to other relevant documents held on other servers. This was called the hypertext transfer protocol (HTTP) and derived from a mark-up language called hypertext markup language (HTML). Within the servers, each document, or pages within documents, is given

<sup>2</sup>Bartels, A., (2000) "The Difference Between E-Business and e-Commerce,, p. 41

<sup>3</sup>Ravi, K., (1997) electronic commerce ( university of Rochester, NEW YORK)

a unique address. The addresses are termed universal resource locators (URL's). The ability to access pages, documents and servers from many different websites created a network of interconnectivity and gave rise to the term the World Wide Web. The Web was the catalyst for huge changes in the business environment as more and more firms sought to integrate their traditional business models with those online. By the mid-1990s firms 'born on the net' emerged, whose function was to exploit the opportunities in the marketplace by using the internet? However, the key driver of the phenomenal rise of the internet was the rapid increase in the use of computers with access to the internet and the Web by the public. From 1993 to 1996 the number of computer users with access to the internet and the Web rose from zero to 10 million. In 2004 the figure stood at around half a billion. Also, the number of websites appearing on the Web has increased exponentially from 1993 onwards. In the months following the release of HTTP and HTML there was less than 50 websites in existence. By the end of the decade there were countless millions available. Since the commercialization of the internet in the mid-1990s demand for its use has increased hugely each year. In fact, the growth of the internet has been such that there are fears that the existing infrastructure may be unable to sustain demand into the future. The internet has had a profound effect at so many different levels including individuals, society, business, governments, education, health, security services, entertainment, news services, financial markets and many others. To comprehend the staggering growth of the internet many analysts turn to the prediction of the founder of Intel and inventor of the chip, Gordon Moore. In the mid-1960s Moore predicted that the number of components that could be located on a single chip would double every twenty-four months. In the twenty years between 1974 and 1994 the Intel 8080 chip increased the number of transistors from 5000 to over 5 million. This exponential growth phenomenon became known as Moore's law and can easily be related to the growth witnessed in demand for access to information technology in general, and the internet in particular. The internet has created a new communications channel and provides an ideal medium for bringing people together cheaply efficiently and for a wide range of different reasons. It has also presented opportunities and challenges for the business community. As consumers become more knowledgeable about using the internet to service their needs and wants so the business community has been boosted by the potential the internet presents for extending markets, developing new products and services and achieving a competitive advantage and profitability. New markets quickly emerged based on applications of the internet, most prominently the business-to-consumer (B2C) and business-to-business (B2B) sectors. One of the key characteristics of e-commerce is the ease of entry for firms. The cost of entry and exit is low relative to traditional industries, as firms do not require large sales teams, costly investment in infrastructure or high sunk costs in order to compete effectively. Rising connectivity rates among potential customers ensures increasing competition among e-commerce firms as more are attracted to the source of potential revenue. Importantly, the internet does away with geographical boundaries thereby increasing yet further the extent of competitive rivalry. Intense competition is a characteristic of the internet economy and has spread across all e-business and e-commerce sectors. Tab

2 outlines the main benefits that firms and consumers gain from using the internet.<sup>4</sup>

**Tab 2 Advantages of using the internet for firms and consumer**

	firms	consumer
1	Ease of access	Ease of access
2	Ease of use	Ease of use
3	Access to wider market	Access to market information
4	potential economies of scale	Convenience
5	Marketing economies	Lower prices
6	Improved logistics	Personalization
7	Automated processes	Customization
8	Network externalities	Network externalities
9	Improved customer knowledge	One-to-one customer service
10	Lower costs	Access to internet community
11	Increased efficiency	Empowerment

Source e-business book

#### VI. THE TOP TEN REASONS TO INVEST IN E-BUSINESS?

- ✓ You can't afford not to. The costs of not doing e-business include loss of customers to competitors with good websites and loss of potential revenue. There are also existing tools and software, many designed for small businesses that offer you low-cost solutions to meet your business needs.
- ✓ It can help you find better business deals. You can use the Internet to find information about products, services and suppliers. It provides you with quick access to product reviews and cost comparisons.
- ✓ It can increase your sales. A website can increase your sales by providing a larger market, by making it easier for customers and suppliers to look at your products and services, and by making it easier for people to buy your products.
- ✓ It enables you to improve your marketing strategies. With the Internet, it's easier to summarize and analyze information about customers visiting and buying from your website. You can use this information to modify your promotional strategies to maximize sales.
- ✓ It can help you reach new markets. People are increasingly using the Internet to find information and to conduct transactions. Depending on your goals, the

Internet can help you target new customers, including customers beyond your local market. Even if you don't sell anything online, a website makes it easier for potential customers to find you.

- ✓ It enhances customer service. The Internet allows you to give customers more choices while offering them quick and easy access to information about your business. E-mail and Frequently Asked Questions (FAQs) are two examples of simple, cost-effective tools that can improve your customer relations. Plus, the Internet allows you to service clients
- ✓ It enables quick and widespread distribution of information. By using a website that can be easily updated, you will be able to quickly supply customers with current information. For example, you can change your products and prices more quickly and efficiently on the Web compared to a print-based catalogue.
- ✓ It allows small businesses to compete with larger businesses. From the vantage point of the customer, a professional web presence can make your business comparable to larger competitors and enhance the credibility of your business
- ✓ It can reduce costs. E-business can reduce costs by decreasing the time it takes to complete business processes. Invoices can be processed quickly and accurately. Studies show that an automated system can save two thirds of the costs involved in manually processing a customer order.
- ✓ It can make business processes more efficient. It can help improve the speed and accuracy of transactions. For example, an online ordering system can eliminate or reduce manual paper work and telephone order taking.<sup>5</sup>

#### VII. USE OF THE INTERNET

Demand for internet services has been growing year on year since it became generally available to the public in the mid-1990s. The internet has had an impact on the economic and social fabric of many societies and has been the catalyst for changes in the way people interact, do business, gain information and seek entertainment. The internet has provided a whole new economy with its own rules and terms of engagement. Businesses and customers have been through a period of learning about how they can best leverage advantage from using the internet and many users are now adept at utilizing the technology in a versatile and effective way to enhance their lifestyle. In the UK around 60% of adults actively use the internet (Oxus). Of those, seven out of ten regard the internet as important or very important to their lives. The average time spent on computers by the 2200 people surveyed by the Oxford Internet Institute (OII) in 2005 was one and a half hours. The time spent using the internet has been at the expense of other activities such as reading, watching television and family life. There are many types of activities available on the internet but searching for information or communicating via e-mail are the two most

<sup>4</sup>Debbie, and Rechar (2006) "introduction to e-business" hbook

<sup>5</sup>Joanna, R., and Getting, D., (2005) " E-business success story", handbook PP 12-13

popular. Not everyone enjoys the benefits of the internet. There is, in each country, a section of society that remains marginalized or excluded from the digital revolution.<sup>6</sup>

#### VIII. BENEFITS OF E-BUSINESS:7

- Generate additional Revenues
- New markets
- New products
- New customers
- Reduce Costs (Integration and ‘Collaboration’)
- Process efficiency
- Reduce IT variety and –complexity
- Customer Retention (‘Added Services’ and ‘Virtual Community’)
- Know more about your customers
- Integrated channel management
- Proactive and personalized offerings
- Improve Image / Position Brand
- Applying innovative technologies
- Leadership enterprise

#### IX. CONCLUSION

E-business and e-commerce are technology-driven industries. The development of the internet and its commercialization through the World Wide Web has opened up an important channel of communication between buyers, sellers and partners in the supply chain of products and services. The huge growth in internet usage has only been possible because of the information infrastructure that supports such a large amount of information traffic. There are concerns that if internet usage continues to grow at levels seen during the last decade, then further infrastructure development will be required to support the demand. However, the introduction of broadband technology has helped alleviate congestion on the internet by accommodating greater numbers of users as well as offering high-speed services. The e-business environment offers a number of opportunities for firms to present unique value propositions to customers. The e-business industry structure has been through three distinct phases. Firstly, there was a surge of interest from internet start-ups leading to the so-called dot-com era. There followed an industry ‘shake-out’ as the forces of supply and demand meant that many firms were unable to achieve economic viability. Only those with robust business models were able to survive and prosper. The current industry structure is characterized by an increasing number of entrants seeking a market share in all the e-business markets. However, unlike in the late 1990s, the demand for products and services online has been rising rapidly as consumers become increasingly aware of the benefits that the internet can provide.

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