

# **Chapter 1**

## **Introduction to E-Business and E-Commerce**

# Learning Outcomes

- Define the meaning and scope of e-business and e-commerce and their different elements
- Summarize the main reasons for adoption of e-commerce and e-business and barriers that may restrict adoption
- Outline the ongoing business challenges of managing e-business and e-commerce in an organization.

# Management Issues

- How do we explain the scope and implications of e-business and e-commerce to staff?
- What is the full range of benefits of introducing e-business and what are the risks?
- How do we evaluate our current e-business capabilities?

# Introduction

- Organisations have now been applying technologies based on the Internet, World Wide Web and wireless communications to **transform their businesses**.
- Deploying these **disruptive digital technologies** has offered many opportunities for innovative businesses to transform their services.

# Timeline of web sites

Year founded	Company/site	Category of innovation and business model
1994	Amazon	Retailer
1995 (March)	Yahoo! (yahoo.com)	Directory and portal
1995 (Sept)	eBay	Online auction
1995 (Dec)	AltaVista (altavista.com)	Search engine
1996	Hotmail (hotmail.com)	Web-based email Viral marketing (using email signatures to promote service) Purchased by Microsoft in 1997
1998	GoTo.com (goto.com) Overture (2001)	Pay-per-click search marketing Purchased by Yahoo! in 2003
1998	Google (google.com)	Search engine
1999	Blogger (blogger.com)	Blog publishing platform Purchased by Google in 2003
1999	Alibaba (alibaba.com)	B2B marketplace with \$1.7 billion IPO on Hong Kong stock exchange in 2007 (see case in Chapter 7)
1999	MySpace (myspace.com) Formerly eUniverse	Social network Purchased by News Corp. in 2005
2001	Wikipedia (wikipedia.com)	Open encyclopaedia
2002	Last.fm	A UK-based Internet radio and music community website, founded in 2002
2003	Skype (skype.com)	Peer-to-peer Internet telephony VoIP – Voice over Internet Protocol Purchased by eBay in 2005
2003	Second Life (secondlife.com)	Immersive virtual world
2004	Facebook (facebook.com)	Social network applications and groups
2005	YouTube (youtube.com)	Video sharing and rating
2009	Foursquare (foursquare.com)	A location-based social media website designed for mobile access.
2011	Pinterest	Social network offering image sharing
2014	Google Glass	An example of a wearable computing device
??	The future	??

# The Impact of the Internet on Business

- Andy Grove, Chairman of Intel, one of the early adopters of e-commerce, has made a meteorological analogy with the Internet. He says:

*“The Internet a typhoon force, a ten times force, or is it a bit of wind? Or is it a force that fundamentally alters our business?” (Grove, 1996).*

# E-Business Opportunities

- Reach
  - Over 1 billion users globally
  - Connect to millions of products
- Richness
  - Detailed product information on 20 billion + pages indexed by Google. Blogs, videos, feeds...
  - Personalized messages for users
- Affiliation
  - Partnerships are key in the networked economy.

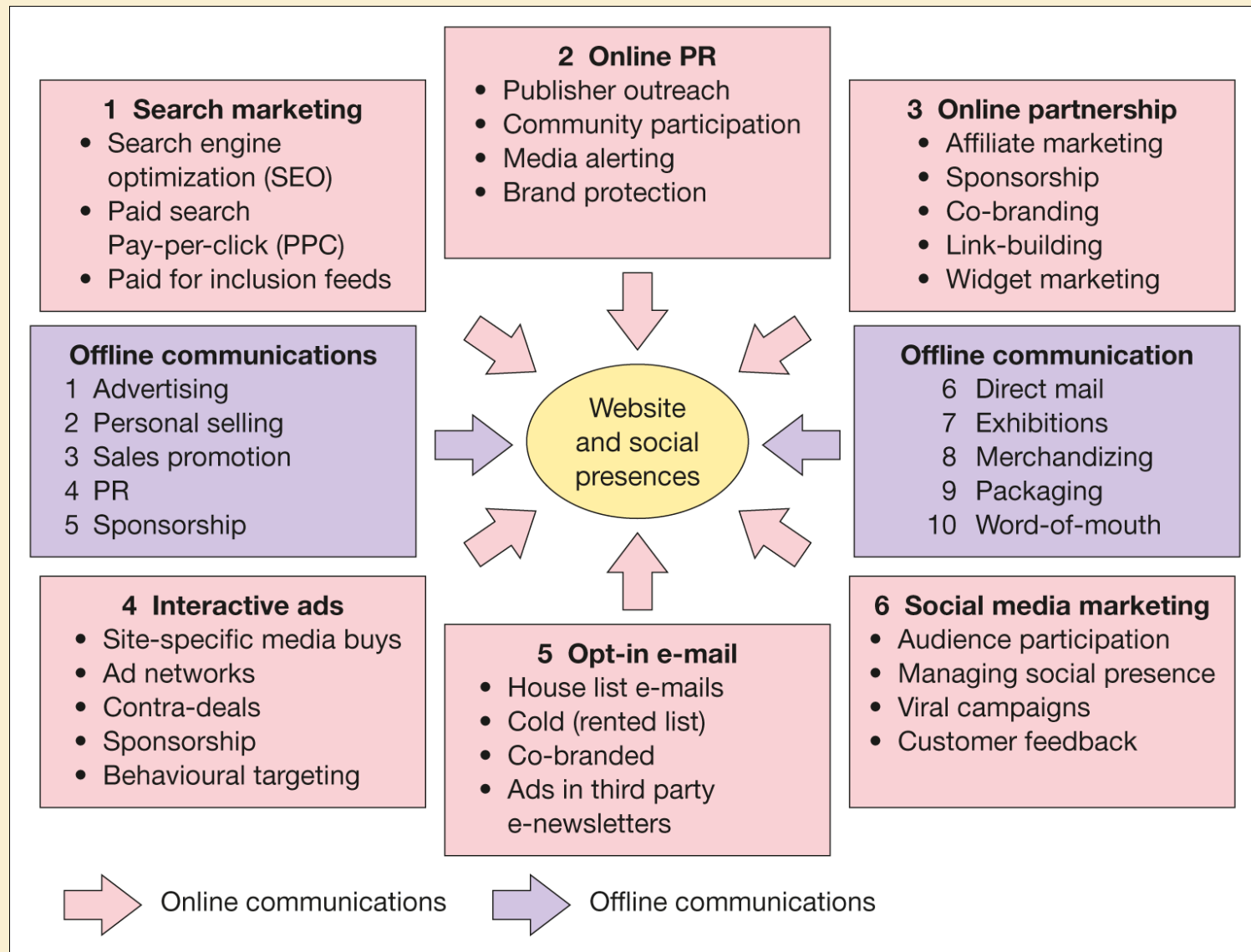


Figure 1.6 Online and offline communications techniques for e-commerce



# What is E-Commerce and E-Business?

- You are attending a role in the e-business team of a global bank
- You anticipate you may be asked the distinction between e-commerce and e-business.
- Write down a definition for each:
- E-Commerce:
- E-Business:

# **E-commerce defined**

## **Electronic commerce (e-commerce)**

All electronically mediated information exchanges between an organization and its external stakeholders.

- 1. A communications perspective** – the delivery of information, products or services or payment by electronic means.
- 2. A business process perspective** – the application of technology towards the automation of business transactions and workflows.
- 3. A service perspective** – enabling cost cutting at the same time as increasing the speed and quality of service delivery.
- 4. An online perspective** – the buying and selling of products and information online.

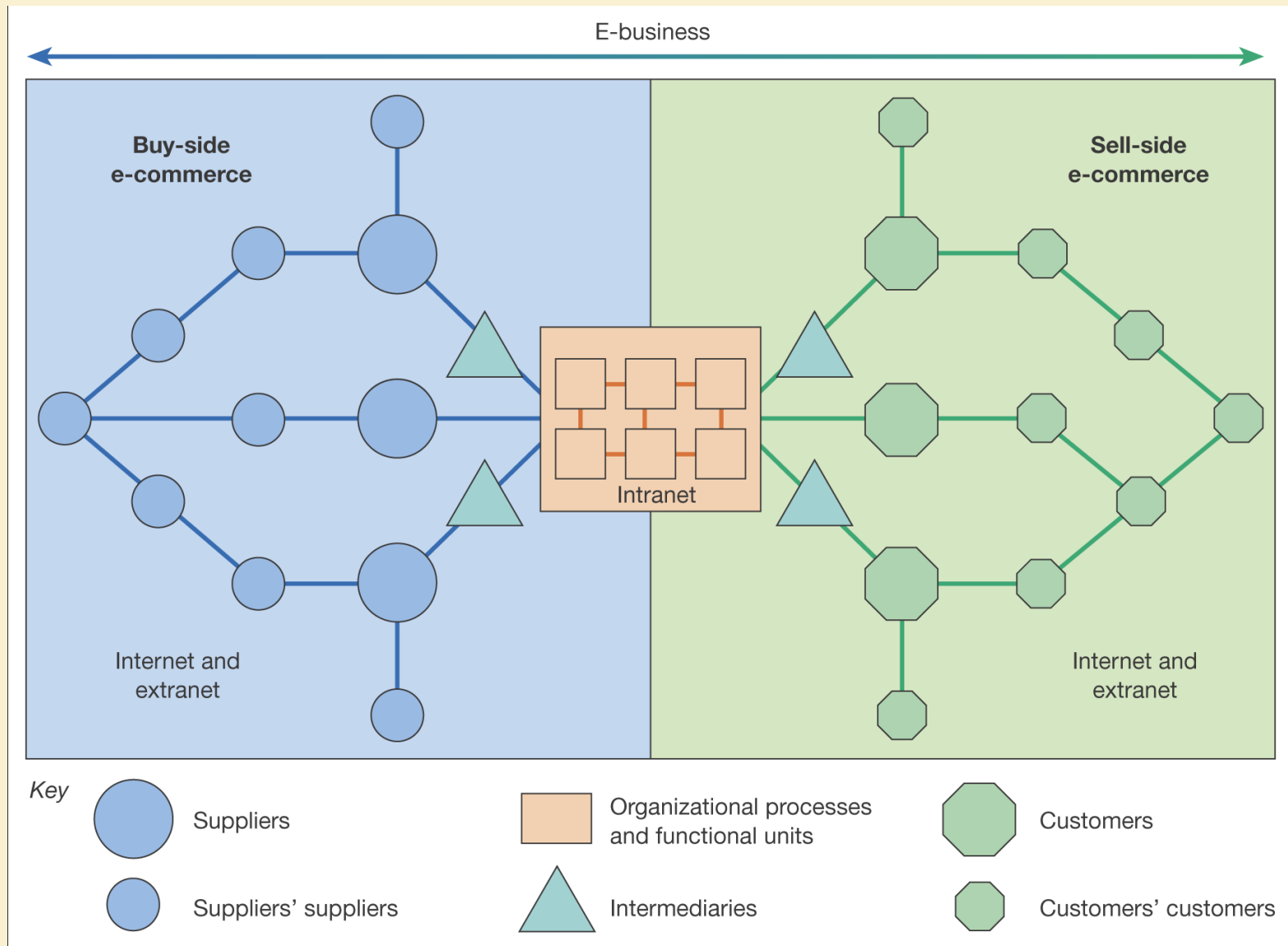


Figure 1.2 The distinction between buy-side and sell-side e-commerce

## **Buy-side**

e-commerce E-commerce transactions between a purchasing organization and its suppliers.

## **Sell-side e-commerce**

E-commerce transactions between a supplier organization and its customers.

# **E-business defined**

## **Electronic business (e-business)**

All electronically mediated information exchanges, both within an organization and with external stakeholders supporting the range of business processes.

## **Information and communication technology (ICT or IT)**

The software applications, computer hardware and networks used to create e-business systems.

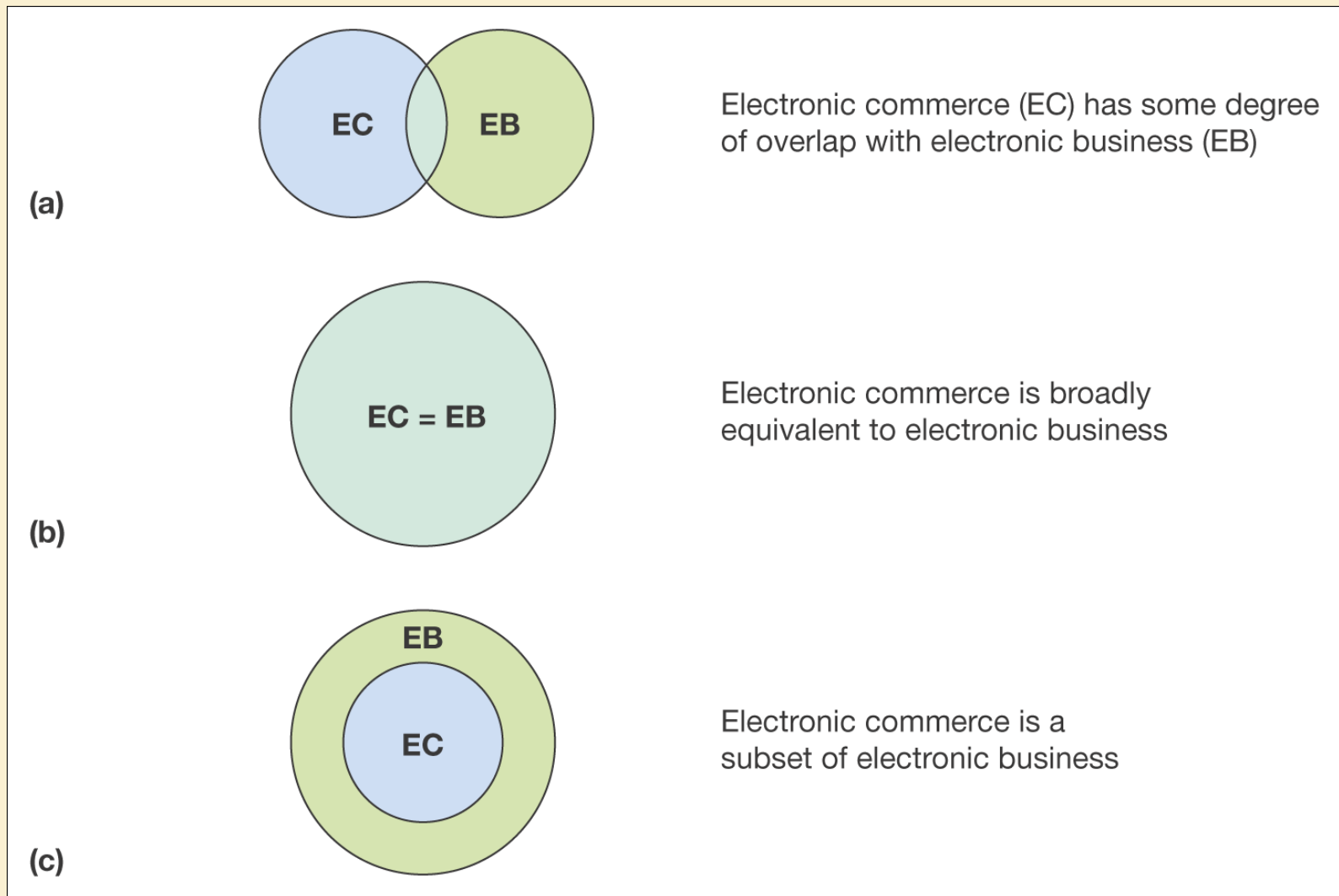


Figure 1.3 Three definitions of the relationship between e-commerce and e-business

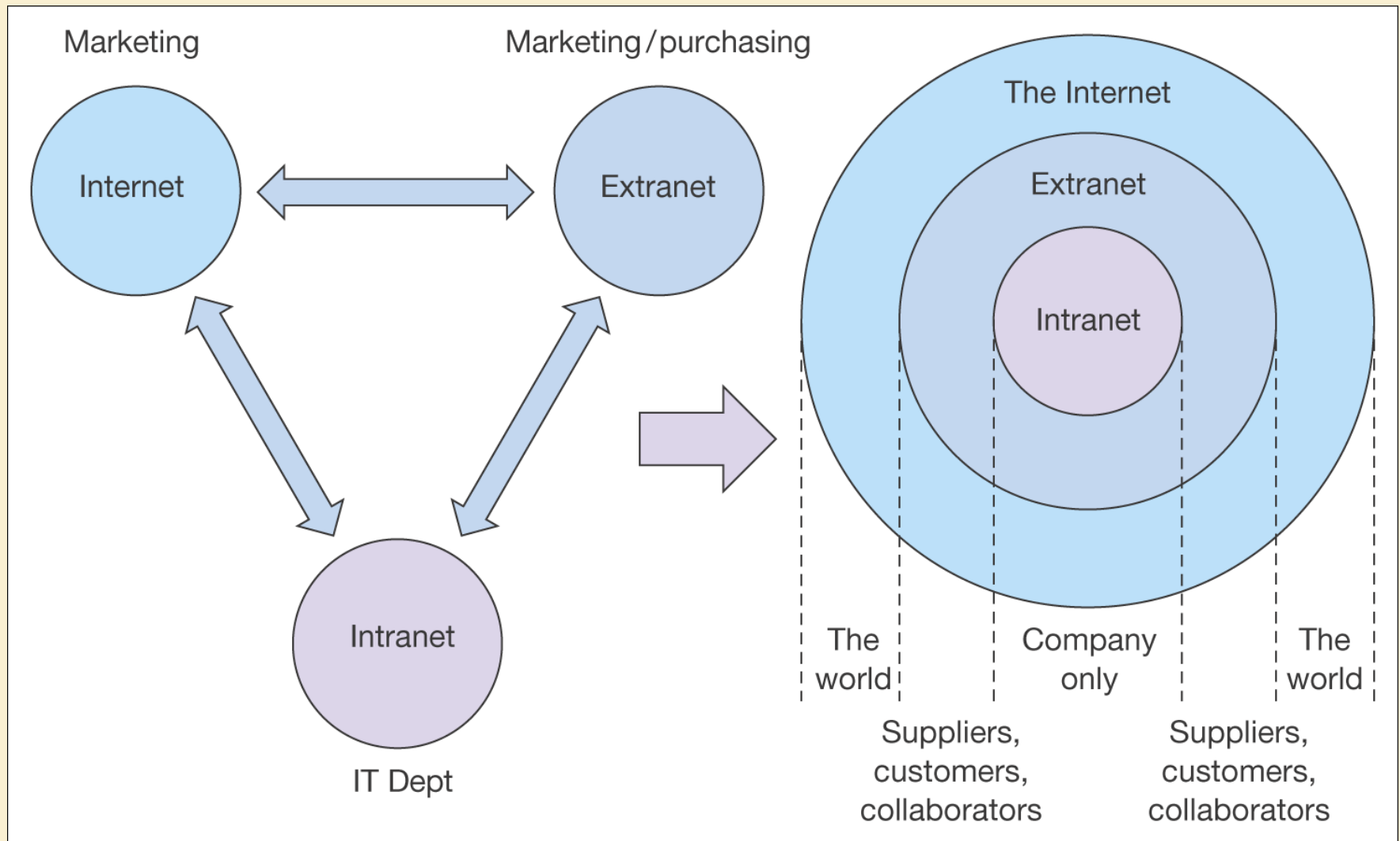


Figure 1.4 The relationship between intranets, extranets and the Internet

## **Information and communication technology (ICT or IT)**

The software applications, computer hardware and networks used to create e-business systems.

### **Intranet**

A private network within a single company using Internet standards to enable employees to access and share information using web publishing technology.

### **Extranet**

A service provided through Internet and web technology delivered by extending an intranet beyond a company to customers, suppliers and collaborators.



# **The Main Benefits of Intranet**

1. Improved information sharing (customer service), 97%
2. Enhanced communications and information sharing (communications), 95%
3. Increased consistency of information (customer service), 94%
4. Increased accuracy of information (customer service), 93%
5. Reduced or eliminated processing, 93%
6. Easier organizational publishing, 92%.

# **Different types of sell-side e-commerce**

1. Transactional e-commerce site.
2. Services-oriented relationship-building web site.
3. Brand-building site.
4. Portal or media site.

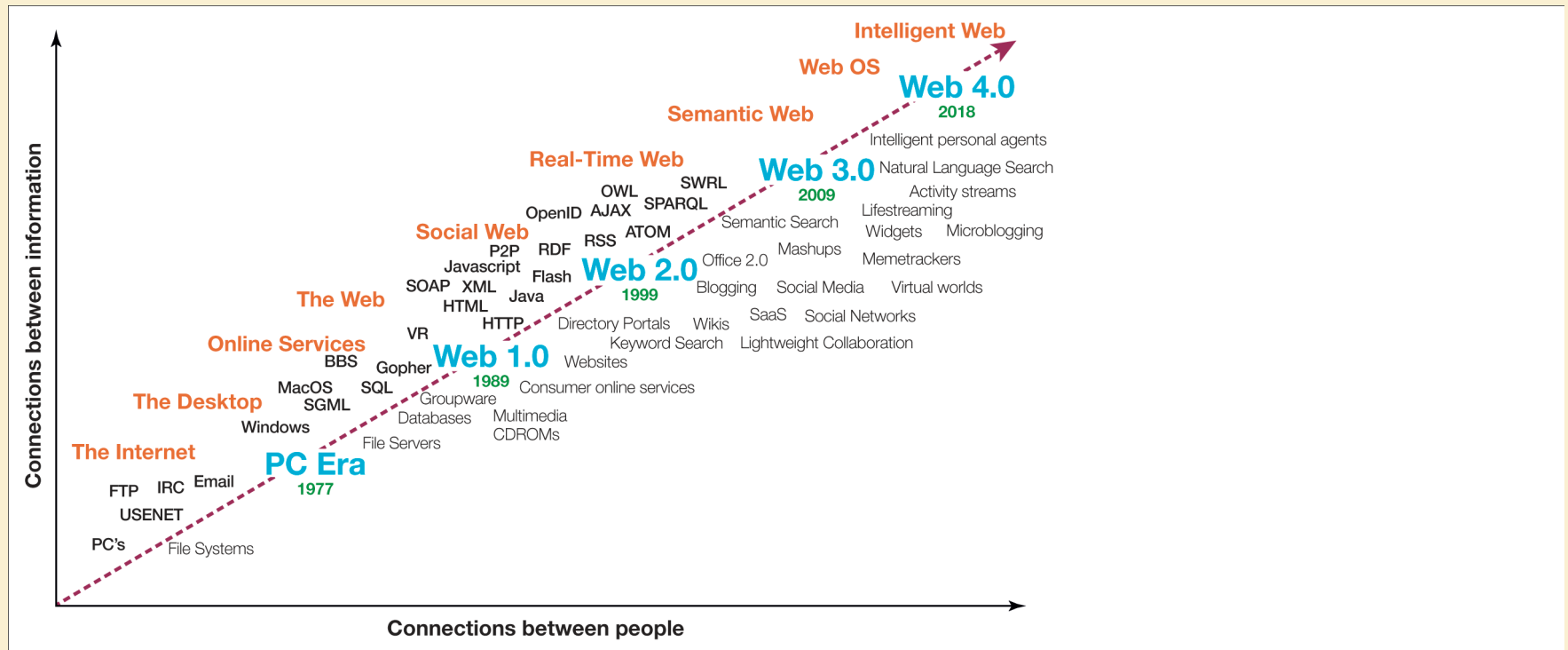


Figure 1.9 Evolution of web technologies

Source: Adapted from Spivack, 2009.

		From: Supplier of content/service		
		<i>Consumer or citizen</i>	<i>Business (organization)</i>	<i>Government</i>
To: Consumer of content/service	<i>Consumer or citizen</i>	<b>Consumer-to-Consumer (C2C)</b> <ul style="list-style-type: none"> <li>• eBay</li> <li>• Peer-to-Peer (Skype)</li> <li>• Blogs and communities</li> <li>• Product recommendations</li> <li>• Social networks: MySpace, Bebo</li> </ul>	<b>Business-to-Consumer (B2C)</b> <ul style="list-style-type: none"> <li>• Transactional: Amazon</li> <li>• Relationship-building: BP</li> <li>• Brand-building: Unilever</li> <li>• Media owner – News Corp</li> <li>• Comparison intermediary: Kelkoo, Pricerunner</li> </ul>	<b>Government-to-Consumer (G2C)</b> <ul style="list-style-type: none"> <li>• National government transactional: Tax – inland revenue</li> <li>• National government information</li> <li>• Local government services</li> </ul>
	<i>Business (organization)</i>	<b>Consumer-to-Business (C2B)</b> <ul style="list-style-type: none"> <li>• Priceline</li> <li>• Consumer-feedback, communities or campaigns</li> </ul>	<b>Business-to-Business (B2B)</b> <ul style="list-style-type: none"> <li>• Transactional: Eurooffice</li> <li>• Relationship-building: BP</li> <li>• Media Owned: Emap business publications</li> <li>• B2B marketplaces: EC21</li> </ul>	<b>Government-to-Business (G2B)</b> <ul style="list-style-type: none"> <li>• Government services and transactions: tax</li> <li>• Legal regulations</li> </ul>
	<i>Government</i>	<b>Consumer-to-Government (C2G)</b> <ul style="list-style-type: none"> <li>• Feedback to government through pressure group or individual sites</li> </ul>	<b>Business-to-Government (B2G)</b> <ul style="list-style-type: none"> <li>• Feedback to government businesses and non-governmental organizations</li> </ul>	<b>Government-to-Government (G2G)</b> <ul style="list-style-type: none"> <li>• Inter-government services</li> <li>• Exchange of information</li> </ul>

Figure 1.10 Summary and examples of transaction alternatives between businesses, consumers and governmental organizations

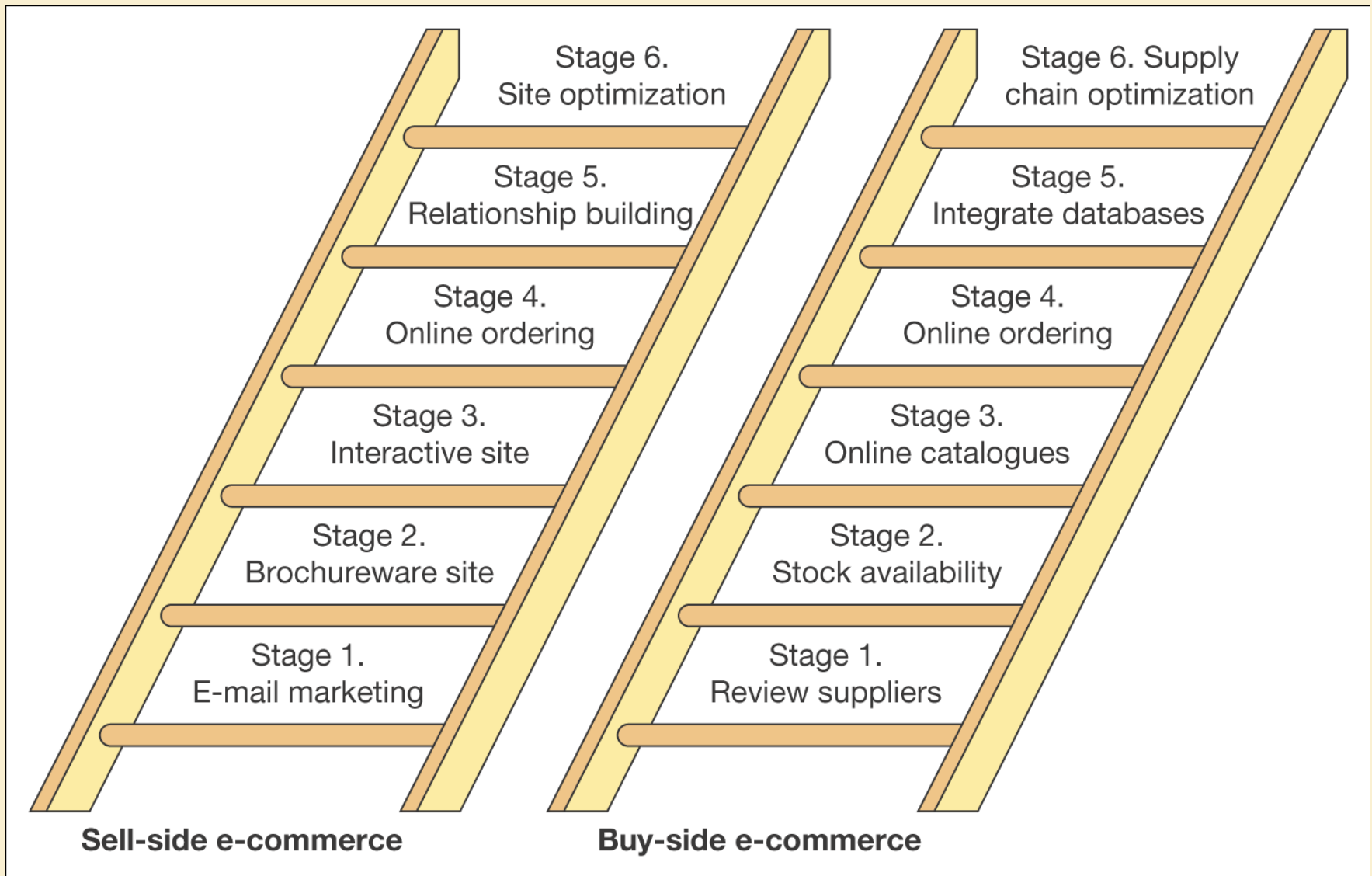


Figure 1.14 A simple stage model for buy-side and sell-side e-commerce