

Mini-Tutorial: E-Business

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Introduction

Looking for and working on new business opportunities has always been the best way to expand business. This allows a company to improve their services and to bring new products to the market. E-business has emerged as an almost necessary step for companies who are looking to expand and who are starting up websites in order to promote their companies. It seems logical that you would want to offer your products through such a medium because it is very efficient, when applied properly. Websites allow companies to present themselves, their products and they are also able to perform basic business functions.

There are many definitions of e-business and they all lead to the same answer. “E-business refers to the replacement of physical processes with electronic ones” (Russell & Taylor, 2003). E-business focuses on many aspects of a firm. Not only does it address internal processes, such as production and product development, it also addresses e-commerce which deals with many of the companies external processes, such as customers, suppliers and marketing (Bartels, 2000). E-business consists of many business processes and this allows companies to perform their transactions over the internet. E-business allows companies to deal with customers and businesses. In turn many processes have been reduced or erased and the results are more efficient business transactions and sales (Russell & Taylor, 2003).

Using E-Business

E-business allows businesses and customers to use different ways to conduct transactions. This includes the use of e-mail, electronic data interchange, electronic funds transfer, fax, websites, etc (Russell & Taylor, 2003). These different ways are more than just options and it seems that they are a choice of convenience. With so many options available in the

implementation of e-business, one has to evaluate which processes can be implemented and which ones are the right ones for a business. “E-business is not simply defined as e-commerce transactions. It's about using technology to redefine your business. To succeed, you'll need an infrastructure flexible enough to absorb new technologies, maximize efficiency across your organization, and support business model changes” (E-Business Watch, 2003).

The benefits of e-business are plentiful and choosing the right strategy is an important step. Some of the benefits of e-business include cost savings because less work is put into a transaction, the reduction or elimination of intermediaries and retailers and service providers which in turn reduces costs, reducing supply chain reaction times for ordering and delivery, and improved customer service and satisfaction (Russell & Taylor, 2003). The use of e-business has shown benefits and many companies who are interested in expansion have looked to implement some type of strategy which involves e-business.

In order to use e-business in your organization, a strategy has to be developed. The strategy most applied has involved the implementation of e-business through the internet. This has been true for the last ten years and many companies have decided that this is an area that is worth getting into (Mackey, 2003). E-business through the internet allows many customers to learn more about your products and to make a purchase at any time and in any part of the world. An implementation on the internet through websites will change the way business is done and this has been the case for the last ten years. This type of plan will lead to an increase in market size and to reduced costs for everyone involved, especially the customers.

Usually there are two different ways that e-business work. This includes B2C and B2B. “Business to consumer involves transactions between businesses on one side and consumers on the other “ (Justpeople, 2000). This type of transaction is what most businesses are looking for

and a company like Dell is a good example of that. Business to business transactions, on the other hand, are transactions describing a relationship between two businesses. An example of that would be a car manufacturer who buys part from a supplier over the internet (Justpeople, 2000).

Overall e-business seems to be a more simplified way of doing business. Although there are many benefits a company needs to do its part in order to succeed. There are many issues that have to be addressed. Included are safety, privacy and legal issues all of which affect e-business operations and the success one will have in this area. Most importantly however is the treatment of customers in any type of e-business. This is true in any type of business and with e-business it is necessary to provide your customers with superior service which will benefit them and help them resolve any issues they may have with their products.

Examples

The computer seller Dell® has proven that the integration of e-business can be successful. Dell has provided its customers with personalized service that has set an example for the rest of the computer industry. "Dell's direct business model is the heart of our company. "Direct" refers to our company's relationships with its customers, from individual consumers to some of the world's largest corporations. The direct model has three central elements: one-to-one relationships with customers, products that are built-to-order for each of those customers, and the lowest cost structure of many of our major competitors" (Sovereign Publications Limited [SPL], 2004). The great thing that Dell offers to its customers is customization. You can directly decide what you want to have in your computer and the fact that there is no middle man, reduces the costs for the customers (SPL, 2004). Another aspect that goes very well with Dell's e-business structure is the belief in good relations with its suppliers. Dell is able to keep inventories at a

minimum because they do not build a computer until it has been ordered. Their suppliers ensure that they have the right parts when they are needed. “A key enabler of these efficiencies has been Dell's use of the Internet to manage its supply chain, which means that suppliers have the most accurate, up-to-the minute information about their products which Dell is selling; they have unique insight into volumes, quality issues and customer satisfaction” (SPL, 2004). Dells success has had a profound influence on the industry and companies like Gateway have had to change their business strategy in order to stay competitive with Dell. Dell has proven that their way of doing e-business and constant improvement in that area are essential for their success. Today Dell's internet business accounts for approximately 50% of their sales and that equates to \$50 million of sales on a daily basis (SPL, 2004). As we can see, Dell is a major player in the use of e-business and they are always looking for ways to improve their business processes. That is one of the reasons they are the leader in their industry and everyone else seems to be behind in sales, understanding of the business processes and the needs and demands of customers.

If you are interested in obtaining any more information about e-business there are numerous websites which will provide additional information. MIT's business school has a website dedicated to e-business where you can find numerous articles on many issues regarding e-business (<http://ebusiness.mit.edu/>). There are numerous books that can be purchased over the internet and ebusinesswatch.org provides a list of references which can offer choices in this area.

References

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